Government of Saskatchewan

Annual Report 2004-05

Saskatchewan Liquor and Gaming Authority

Saskatchewan Centennial 2005

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This annual report is also available online at **www.slga.gov.sk.ca**.

Letters of Transmittal

Regina, Saskatchewan
July 2005

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I am pleased to submit the Annual Report of the Saskatchewan Liquor and Gaming Authority for the period ending March 31, 2005. This report includes the financial statements in the form required by Treasury Board and in accordance with *The Alcohol and Gaming Regulation Act, 1997*.

Eric Cline, Q.C.
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Honourable Eric Cline, Q.C.
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Dear Sir:

I have the honour of submitting the 2004-05 Annual Report of the Saskatchewan Liquor and Gaming Authority for the fiscal year ending March 31, 2005.

SLGA published its 2004-05 Corporate Performance Plan in March 2004 as part of the release of the provincial budget documents. As part of SLGA's commitment to enhanced public reporting and accountability, this annual report provides an assessment of SLGA's performance directly against its performance plan for 2004-05. Overall, I believe that SLGA's 2004-05 performance results demonstrate leadership and vision in the management of the province's liquor and gaming industries.

Sandra Morgan
President & CEO
Saskatchewan Liquor and Gaming Authority

Introduction

105-06518/

This is the second consecutive year that the Saskatchewan Liquor and Gaming Authority (SLGA) has published its year-end results directly against the goals and objectives published in its performance plan. SLGA published its 2004-05 Corporate Performance Plan (Balanced Scorecard) in March 2004 as part of the release of the provincial budget documents. This annual report contains detailed information on the key actions and performance measures identified in that performance plan. Detailed information on SLGA's 2004-05 Performance Plan, as well as last year's Annual Performance Report, is available online at www.slga.gov.sk.ca

The overall goals and objectives set out in SLGA's 2004-05 Performance Plan remained unchanged from 2003-04. However, SLGA has refined the content of this annual report in accordance with the multi-year schedule for improving the content of annual performance reports as set out by Saskatchewan Finance. In particular, SLGA has provided more information and analysis for specific measurement results in an effort to demonstrate the value of the measures, how they should be interpreted over time and how these results contribute to longer-term outcomes that SLGA is seeking to achieve.

SLGA remains committed to the principles of enhanced accountability for results and the ongoing implementation of the Government's Accountability Framework.

Who We Are

The Saskatchewan Liquor and Gaming Authority is a Treasury Board Crown Corporation responsible for the distribution, control and regulation of liquor and gaming across the province. SLGA achieves this through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 81 liquor stores throughout the province.

As of March 31, 2005, SLGA employed approximately 910 staff in 64 communities throughout the province, the majority of which work part-time. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* and works in partnership with a broad range of stakeholders and clients, including: the SGEU; the Federation of Saskatchewan Indian Nations (FSIN); the Saskatchewan Indian Gaming Authority (SIGA); Indigenous Gaming Regulators (IGR); Western Canada Lottery Corporation (WCLC); the Canadian Restaurant and Foodservices Association; the Hotels Association of Saskatchewan; the Saskatchewan Liquor Vendors Association; liquor-permitted establishments; non-profit clubs; charity associations/individual charities; Western Gaming Systems; the First Nations University of Canada (FNUC); the Brewers of Canada; and, Spirits Canada. (See Appendix B for an overview of SLGA's stakeholders and partners).

SLGA has six divisions:

- The Retail Operations Division is responsible for the purchasing, distribution, warehousing and retailing of beverage alcohol in Saskatchewan. The Division oversees Saskatchewan's liquor stores and franchises.
- The Regulatory Compliance Division is responsible for the licensing, inspection and monitoring of liquor and gaming activities in the province. The Division is also responsible for horse racing and provides a range of community information and education seminars.
- The Gaming Operations Division is responsible for the planning, implementation and management of the VLT program, breakopen vending machine program and the slot machines in First Nations casinos along with the implementation of the operational agreements relating to the province's First Nations casinos.
- The Corporate Services Division provides financial, administrative, procurement, information systems, property management and audit support services to the organization.
- The Human Relations Division provides organizational development, communications and human resource services to the organization.
- The Policy and Planning Division is responsible for corporate planning, performance measurement, performance reporting, policy development and analysis, research and evaluation and legislative services for the organization. The Division also plays a central role in the ongoing implementation of the Gaming Framework Agreement.

Overview

The Provincial Beverage Alcohol Sector
Saskatchewan's model for beverage alcohol distribution combines a public model of liquor distribution with private franchises and off-sale outlets. SLGA operates 81 liquor stores in 64 communities throughout the province. In addition, SLGA grants 191 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. There are also 478 off-sale outlets across the province licensed to sell a full range of beverage alcohol products.

In 2004-05, SLGA listed 2,143 products, which includes general listings, specialty listings (with an emphasis on fine wine) and domestic and imported beer. General listings remained relatively stable at 1,062 (1,076 in 2003-04). The specialty listing base was down slightly to 747 (778 in 2003-04). Domestic and imported beer listings remained relatively constant at approximately 325 (330 in 2003-04). SLGA is also committed to ensuring customer needs are met by offering a special order service for customers who want products not currently listed by SLGA. SLGA continues to place a greater emphasis on procuring limited allocation premium wines from around the world to meet the growing requests of Saskatchewan consumers.

SLGA's distribution centre, located in Regina, processed 13,923 orders in 2004-05 at an average of 134 cases of product per order for stores and 25 cases per order for franchises. This represents an annual flow of approximately 1.27 million cases of beverage alcohol that are received, stored and ultimately shipped across the province.

SLGA also manages the administration of special occasion permits for the province. Special occasion permits are required for anyone serving alcohol at special events such as weddings, cabarets and fundraisers. There were 17,309 permits issued in 2004-05. This represents a small decrease from the 17,751 permits issued in 2003-04.

As a regulatory body for liquor-permitted premises, SLGA ensures that the more than 1,700 commercial permittees in the province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act, 1997*. SLGA also follows up on any complaints regarding permitted establishments.

The Provincial Gaming Sector
Saskatchewan Liquor and Gaming Authority
SLGA fulfills a number of distinct roles in the provincial gaming sector. First, SLGA directly manages the majority of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs) and the slot machines at First Nations casinos. SLGA owns and operates the province's 4,000 VLTs and contracts with the Western Canada Lottery Corporation (WCLC) to operate and maintain the VLTs. SLGA also pays a commission to liquor-permitted establishments which host the VLT machines. As of March 31, 2005, there were 3,971 VLTs in 697 sites, located in 324 communities across the province.

Second, SLGA plays an important role in regulating the operations of the province's seven casinos which include: Saskatoon's Emerald Casino, operated by Saskatoon Prairieland Park Corporation; four First Nations casinos operated by the Saskatchewan Indian Gaming Authority (SIGA); and, two government operated casinos in Moose Jaw and Regina. SLGA also reviews proposals for new casino developments and provides recommendations to government.

Third, SLGA also licenses and regulates most other forms of gaming including bingo, raffles and breakopen tickets, as well as the horse racing industry in the province. SLGA conducts this regulatory activity through a range of licensing, monitoring and auditing activities. Money raised through charitable gaming activities is retained by charitable organizations. In 2004-05, total charitable gaming proceeds were $30.3 million. The Province also provides grants to track operators to help maintain the horse racing industry. Total grant expenditures paid to the horse racing industry in 2004-05 were $1.2 million, down

from $1.45 million in 2003-04. Four tracks received support from the Province for horse racing: Saskatoon Prairieland Park Corporation (Marquis Downs), the Yorkton Exhibition Association, Melville District Agri-Park Association and Kinsmen Rock'n the Valley in Craven.

Saskatchewan Indian Gaming Authority (SIGA)
First Nations casino gaming in Saskatchewan is conducted through an agreement between the Province and the Federation of Saskatchewan Indian Nations (FSIN). The FSIN created SIGA to operate:

- Gold Eagle Casino - opened February 1996 in North Battleford
- Northern Lights Casino - opened March 1996 in Prince Albert
- Bear Claw Casino - opened November 1996 on the White Bear First Nation
- Painted Hand Casino - opened December 1996 in Yorkton

SIGA revenues are split, with 37.5 per cent of net profits provided to the provincial government's General Revenue Fund, 37.5 per cent provided to the First Nations Trust (FNT) and 25 per cent directed to Community Development Corporations (CDCs). The FNT supports economic development, social development, justice, health, education, culture and other First Nations initiatives. The FNT is administered by a First Nation Board of Trustees. Saskatchewan First Nations and Métis Relations is responsible for providing funds to the FNT and for ensuring that the FNT meets the accountability requirements expected of it. CDCs fund economic development, social development, justice, education, recreation, culture, health and other related initiatives among First Nations and non-First Nations organizations in and around the communities where these casinos are located. CDCs are run by boards in each of these four communities.

Under the Gaming Framework Agreement between the Province and the FSIN, payments are also made to the First Nations Addictions Rehabilitation Foundation ($1.5 million) for problem gambling services, and to the FSIN ($250,000) to support its efforts to prepare proposals for on-reserve gaming jurisdiction. These payments are made prior to the profit distribution.

As of March 31, 2005, SIGA casinos employed 1,166 people, 79 per cent of whom are of Aboriginal heritage. In 2004-05, SIGA reported a net profit of $34 million, the highest net profit ever reported for SIGA, and a 2.3 per cent increase over 2003-04 ($33.2 million).

Saskatchewan Gaming Corporation (SGC)
Casinos Regina and Moose Jaw are operated by the Saskatchewan Gaming Corporation, a Treasury Board Crown Corporation. Casino Regina opened in January 1996; Casino Moose Jaw opened in September 2002. Revenues from SGC casinos are split, with 50 per cent of revenues retained by the provincial government's General Revenue Fund, 25 per cent provided to the FNT and 25 per cent provided to the Community Initiatives Fund (CIF). The CIF distributes casino profits to exhibition associations and to community groups that provide programs and services for vulnerable children, youth and families. The fund is administered by Saskatchewan Culture, Youth and Recreation. As of March 31, 2005, Casinos Regina and Moose Jaw employed 797 staff, 50 per cent of whom are of Aboriginal heritage.

Results At A Glance

Below is a summary of SLGA's key performance outcomes for the 2004-05 fiscal year. This summary highlights key achievements within each of SLGA's five strategic goals. More detailed information on each of these performance results, as well as information on additional results, is provided in the section "2004-05 Performance Results" and in SLGA's audited financial statements.

Goal 1: Customer Perspective: Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.

- Conducted a detailed retail customer satisfaction survey that demonstrated a very high level of satisfaction with the quality of service at SLGA stores.
- Began the implementation of a new retail point-of-sale system in SLGA's stores.
- Initiated a variety of Centennial projects to help celebrate the province's 100th anniversary, including the sale of a Saskatchewan Wheat Pool elevator decanter.

Goal 2: Public Policy Perspective: Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility in the industry.

- Continued to work with SIGA to ensure that it meets the sustained progress benchmarks set out for it. Significantly, the Provincial Auditor's 2004 Report - Volume 3 noted that SLGA has addressed all of his past recommendations to strengthen SLGA's management of public money under SIGA's control.
- Reviewed two new First Nations casino development proposals (Whitecap and Swift Current) and prepared recommendations for government's consideration.
- Began a review of the liquor licensing and regulatory system.
- Conducted a consultation with charitable gaming licensees to develop potential strategies to sustain the industry over the long-term.
- Worked with Saskatchewan Health within the overall provincial program for problem gambling and provided funding for education, prevention and treatment initiatives.
- Completed an evaluation of the La Loche pilot project and prepared recommendations to extend banning the sale of beer in glass bottles in those Northern Administration District communities where municipalities request a ban.

Goal 3: Our People Perspective: Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility.

- Developed a corporate employee satisfaction survey with a view to delivering the survey in early 2005-06.
- Jointly ratified and implemented with SGEU a new in-scope classification plan that meets the requirements of the provincial government's framework for pay equity and equal pay for work of equal value.
- Began a new round of collective bargaining with SGEU.
- Continued efforts to achieve a representative workforce with modest gains in the employment outcomes for three of the four designated equity groups.
- Began the development of a new performance planning process for SLGA that emphasizes ongoing feedback and includes assessment of core competencies.

Goal 4: Internal Perspective: Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

- Launched a commercial permittee liquor licensing system internally with plans to provide commercial permittees with online services by late spring 2005.

- Developed and piloted an online gaming employee registration system for casinos.
- Began the implementation of a new retail point-of-sale system in stores.
- Made substantial progress in the development of a business continuity planning framework for SLGA and began the development of detailed plans for SLGA's distribution, supply, VLT and retail liquor operation systems.

Goal 5: Financial Perspective: Be fiscally responsible and accountable in support of provincial financial objectives.

SLGA's net income for 2004-05 was $362.1 million, slightly higher than SLGA's 2003-04 net income of $359.1 million.

Summary Financial Results

SLGA's 2004-05 financial plan builds on the strategic direction set out in SLGA's Performance Plan. Aligning strategic and financial planning is a key part of SLGA's annual planning and budget development process. SLGA's financial investments must demonstrate how expenditures help SLGA achieve the goals and objectives set out in its performance plan.

The primary indicator of SLGA's financial success is SLGA's overall net income. SLGA's net income consists primarily of provincial VLT revenue, SIGA net income and profits from the retail liquor sector. SLGA's net income is transferred annually to the province's General Revenue Fund (GRF). This annual transfer to the GRF represents a significant contribution to meeting a wide range of broader provincial economic and social objectives. SLGA has transferred more than $3 billion to the GRF since 1994-95.

SLGA's net income for 2004-05 was $362.1 million up from its 2003-04 net income of $359.1 million and down slightly from its 2004-05 budget net income target of $365.4 million. This is primarily due to reduced VLT revenues as a result of the provincial smoking ban that came into effect on January 1, 2004, which was partially offset by higher than expected SIGA net income, and lower than expected operating expenses. Operating expense savings occurred in a number of areas including lower than expected VLT repair and maintenance costs, VLT amortization savings and savings as a result of the timing of SLGA's investments in its information technology infrastructure.

2004-05 Performance Results

This section of the annual report illustrates SLGA's progress in achieving its goals and objectives as outlined in SLGA's 2004-05 Performance Plan. The key actions originally published in SLGA's 2004-05 plan are listed below, followed by a report on actual progress. Actual results are included for all key actions and performance measures that were published in SLGA's 2004-05 Performance Plan. More detailed information on SLGA's 2004-05 performance measures, as well as SLGA's 2005-06 Performance Plan (published in March 2005) can be found online at www.slga.gov.sk.ca.

Goal 1: Customer Service
Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff.

Objective 1: Customer Satisfaction: Achieve and maintain a high level of customer satisfaction among customers.

As a customer-oriented business, SLGA's strategic plan has dedicated considerable resources to continually maintaining and improving customer service. Customer service excellence is ultimately one of the most important outcomes for SLGA. Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how these services are perceived by the public and stakeholders.

SLGA has defined a range of key actions and initiatives that support this focus on improving customer service. In 2004-05, SLGA continued to work on identifying what was most important to customers in order to continue to offer quality programs and services. Significantly, SLGA completed a detailed retail customer survey that follows up on the 2002-03 survey. This survey resulted in very high customer satisfaction ratings of the overall quality of service provided by SLGA's liquor stores. SLGA continued to make improvements to its online licensing and registration services and in streamlining the licensing application process. SLGA also began implementation of a new retail point-of-sale system and continued to provide customer service and product knowledge training to retail store staff.

Key Results:

Develop and administer a comprehensive retail liquor customer satisfaction survey to measure performance and obtain feedback for future customer service improvement initiatives. (2004-05 Planned Result)

- The customer satisfaction survey was conducted in February 2005 with preliminary analysis completed in March. The survey results indicated that customer satisfaction is comparable to the customer satisfaction determined in the 2003 survey within the acceptable standard error of plus or minus 2.5 per cent. More in-depth analysis examining the key drivers of customer satisfaction, along with regional and demographic analysis, will be conducted during the early part of 2005-06.

Continue to implement a customer service and product knowledge training program to increase our employees' ability to assist the customer. (2004-05 Planned Result)

- SLGA continues to provide its retail store staff with access to customer service and product knowledge training programs. These sessions are intended to give employees a thorough knowledge of the beverage alcohol products available in the province, and also to introduce employees to customer service techniques. In 2004-05, SLGA held six training sessions which were attended by 94 participants. Development is currently under way for an advanced level of product knowledge training.

Redesign SLGA's external website to increase the information and services available to customers, including the development of online licensing and registration systems. (2004-05 Planned Result)

- A commercial permittee liquor licensing system was implemented internally in November 2004. SLGA plans to provide commercial permittees with online services beginning in April 2005.

This service will allow commercial permittees to apply for and renew permits, and update existing information and endorsements online.

- Development of an online gaming employee registration system for use by casinos in the province was completed near the end of the fiscal year. SLGA plans to pilot the system at SIGA's Northern Lights Casino in April 2005. Online gaming registration services will be provided to all provincial casino sites following completion of the pilot.

Upgrade and roll out management information systems to increase efficiencies and provide more meaningful information. This work will include refinements to SLGA's point-of-sale (POS) system; its warehouse and inventory management system and a new online charitable gaming licensing system. (2004-05 Planned Result)

- In March 2005, one pilot liquor store was installed with the new POS system, with two other pilot stores targeted for implementation in April 2005. Upon successful completion of the pilots, SLGA plans to implement the new POS system in all SLGA liquor stores by the summer of 2005.

Performance Measurement Results:

Retail Customer Satisfaction
In 2004-05, SLGA administered a customer satisfaction survey pertaining to SLGA's retail liquor stores. This survey follows-up on a similar survey conducted in 2002-03. Satisfaction surveys help SLGA to develop strategies to improve customer satisfaction. The telephone survey was administered to a random sample of 1,500 Saskatchewan liquor store customers. The survey is considered accurate to within plus or minus 2.5 per cent at a 95 per cent confidence level.

Actual Results:
Ninety-one per cent of survey respondents are satisfied with customer service at liquor stores.

Ninety-six per cent of survey respondents said that the overall quality of service provided by liquor stores either met or exceeded their expectations.

Overall, satisfaction ratings for SLGA's retail liquor customers remained very strong in 2004-05. The level of customer satisfaction was maintained relative to the 2002-03 baseline survey and taking into consideration the statistical accuracy of the surveys.

Retail Customer Satisfaction	02-03 Survey	04-05 Survey
Satisfaction with customer service	92%	91%
Satisfaction with quality of service	97%	96%

Objective 2: Customer Focused Infrastructure: Distribute liquor and gaming products through a contemporary infrastructure that balances customer expectations with fiscal responsibility.

SLGA's core businesses and the overall quality of its services are dependent on a range of components, including the infrastructure used to house and deliver its products and services. This infrastructure can range from retail liquor stores to VLT and slot machines to the warehouse inventory management and point-of-sale systems. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific stakeholder needs, including a desire to enhance customer service and to respond to changing market demands. In 2004-05, SLGA made modest improvements to its capital infrastructure.

Key Results:

VLT Distribution Policy. SLGA will begin the review of its VLT Distribution Policy in 2004-05. SLGA will consult with site contractors to discuss the parameters and scope of a review of the existing VLT distribution policy across the province. (2004-05 Planned Result)

- In late 2004-05, SLGA's Board approved a policy for the ongoing distribution of VLTs when machines become available and there is no

waiting list. A formal review of the VLT redistribution process was originally targeted for 2004-05 with implementation to follow. However, in light of the provincial smoking ban, SLGA reconsidered the timing of a redistribution review process.

Annual Retail Marketing Plan. Update and implement an annual marketing plan that identifies opportunities to enhance and promote retail liquor sales and services. (2004-05 Planned Result)

- In 2004-05, SLGA formed a Marketing Steering Committee which has proven to be a valuable tool in developing and refining new marketing proposals and initiatives. SLGA's flagship Centennial project - a scale model of a Saskatchewan Wheat Pool elevator filled with 10-year old Canadian premium whisky - has met expectations. In addition, SLGA suppliers have responded well to a request to participate in Saskatchewan's 100th anniversary with other Centennial product offerings. There are a number of Centennial packages in all categories (spirits, wine and beer) that will be launched in the summer of 2005.

- SLGA also initiated the first annual marketing forum with suppliers as a means of consulting on merchandising and marketing programs and policies. SLGA continues to work with the spirits industry to maintain stability and profitability for both suppliers and SLGA. SLGA also completed a review and revision of the Manufacturers' Advertising Policy.

Implement a liquor store capital plan that provides improved customer service through increased product selection, improved parking and improved access to products and services. (2004-05 Planned Result)

- Construction began on new stores in Kindersley, Estevan and Swift Current with estimated completion dates beginning in late summer. SLGA also sought proposals for the construction of a new liquor store in University Heights in Saskatoon to replace the existing Sutherland store, and proposals were also sought for renovations to the Wadena liquor store.

Continue to conduct research into potential improvements to the beverage alcohol distribution system. (2004-05 Planned Result)

- SLGA continued consultations with industry representatives to identify potential areas of improvement. Stakeholders have agreed to examine the current system for managing empty beer containers to determine if it is still the optimal process with respect to customer service and cost efficiency. Further analysis will be conducted in 2005-06.

Replace 155 slot machines within the SIGA casinos. (2004-05 Planned Result)

- The purchase and installation of 155 slot machines as a part of the Gaming Framework Agreement was completed in early 2004-05.

Performance Measurement Results:

Number of Stores Renovated/Relocated

Making structural investments to SLGA's retail liquor stores is a key component to improving customer service and meeting customer expectations. While a sustainable infrastructure helps meet the needs of SLGA's retail liquor operations, SLGA must also balance the desire to improve its infrastructure with financial considerations. SLGA's capital plan envisions a measured approach to infrastructure renewal, which provides for some improvements but which also ensures that infrastructure investments are aligned with fiscal constraints.

Actual Results:
SLGA did not complete any major renovations or relocations in 2004-05. However, as indicated above, construction is under way on new stores in Kindersley, Estevan and Swift Current, and SLGA has sought proposals for the construction of a new store in University Heights in Saskatoon and for renovations to the Wadena liquor store.

Goal 2: Public Policy
Develop and administer fair public policy, which monitors and regulates liquor and gaming activities, provides for a distribution of revenue among provincial stakeholders and promotes integrity and social responsibility.

Objective 1: Monitoring and Regulating:
Promote integrity, responsibility and fairness in the liquor and gaming industry.

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors. SLGA works in collaboration with law enforcement authorities, the Provincial Auditor's Office and other regulatory agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In addition to these roles, SLGA plays an important role in ensuring the legislative, regulatory and financial framework for liquor and gaming addresses emerging challenges. All of these functions are designed to ensure the integrity of the liquor and gaming sectors in the province within a legal framework that is both fair and responsible.

In 2004-05, SLGA continued to work with the Saskatchewan Indian Gaming Authority (SIGA) to ensure that it meets the sustained progress benchmarks. SLGA also reviewed and approved the strategic, business and financial plans developed by SIGA for the 2005-06 planning and budget cycle. SLGA continues to work closely with the Provincial Auditor to act on the recommendations set out by the Auditor for both SIGA and SLGA. Significantly, the Provincial Auditor's 2004 Report - Volume 3 noted that SLGA has addressed all of his past recommendations to strengthen SLGA's management of public money under SIGA's control. SLGA also initiated significant reviews of the liquor licensing and regulatory system, and SLGA's casino regulatory instruments.

Key Results:

Continue to work towards improving SIGA's overall planning and accountability, including ensuring SIGA's compliance with the sustained progress benchmarks as well as the full range of recommendations set out by the Provincial Auditor. (2004-05 Planned Result)

- SLGA continues to work with SIGA to develop and improve its organizational planning and accountability. SLGA reviews and considers amendments to operations policies and works with SIGA to ensure policies are implemented. SLGA's Audit Services Branch reports semi-annually on the status of SIGA's compliance with the sustained progress benchmarks. SLGA also held numerous discussions and meetings with SIGA management to discuss SIGA's progress towards meeting the sustained progress benchmarks, as well as the recommendations made by the Provincial Auditor and SIGA's internal auditor.

Work with the Provincial Auditor's Office to respond to recommendations surrounding SLGA's reporting and financial management. (2004-05 Planned Result)

- The Provincial Auditor's 2004 Report - Volume 3 notes SLGA has addressed all of his past recommendations to strengthen SLGA's management of public money under SIGA's control. SLGA continues to develop a more explicit risk management approach within SLGA including the development of a corporate business continuity plan. During the year progress was made in developing business continuity plans for SLGA's liquor distribution and retail services business units. A disaster recovery plan was also developed by the Western Canada Lottery Corporation (WCLC) for SLGA's VLT program.

Work with Western Canada Lottery Corporation to improve compliance with gaming integrity standards. (2004-05 Planned Result)

- SLGA continues to monitor and review compliance with gaming standards and make

adjustments where required including the requirement to register all employees, the restriction on employees playing electronic games and the requirement for gaming suppliers to be registered. SLGA will continue to work with WCLC to ensure it meets existing standards and to ensure the overall integrity of the electronic gaming system in the province.

Lead the planning and execution of a review of the liquor licensing and regulatory system. (2004-05 Planned Result)

- In 2004-05, SLGA began the planning and execution of a review of the liquor licensing and regulatory system. SLGA began a review of outstanding liquor licensing issues that have been identified internally, and is developing recommendations for external consultations. The review will include issues identified by stakeholders, and by SLGA, that affect the regulation of the commercial, special use, special occasion and manufacturer segments of the liquor regulatory framework. A consultation process is expected to begin in the summer and will involve commercial permittees and other key stakeholders.

Casino Regulatory Review. Perform a complete review of the regulatory instruments upon which SLGA's regulation of casino gaming is based. (2004-05 Planned Result)

- A review of the 2002 Saskatchewan Gaming Corporation Casino Regulations is near completion. Proposed changes include amendments that will: clarify the intent of the regulation; accommodate the impact of technological change in casino gaming; and, enhance the regulatory requirements necessary for the integrity of gaming.

Develop and execute the workplan required to bring SLGA into compliance with the Province's Privacy Framework initiative. (2004-05 Planned Result)

- SLGA has made progress with the implementation of the Province's Privacy Framework. The following areas have been, or are being, addressed:
  - ➔ Review of collection systems (forms) for personal information, including: authority for collection; consent; relevance of personal information collected; and the length of retention. SLGA is now revising forms to ensure all of these aspects are addressed.
  - ➔ Outsourcing contracts. SLGA has determined that it is not party to any outsourcing contracts that involve personal information.
  - ➔ Employee information and training. A training plan will be developed.
  - ➔ Oath of office.
  - ➔ Physical privacy management standards.
  - ➔ Records retention.
  - ➔ Personal information classification.

Continue to modernize and update the legislative and regulatory framework for liquor and gaming activity in the province. (2004-05 Planned Result)

- An amending Bill has been deferred until the Spring 2005 session of the Legislature. The amendments are intended to:
  - ➔ Strengthen the provisions respecting casino admission bans.
  - ➔ Require that the board of directors and employees of Indian Gaming Regulators Inc. and certain SLGA employees be registered.
  - ➔ Authorize SLGA to provide grants in lieu of property taxes to municipal governments.
  - ➔ Clarify SLGA's ability to lease slot machines.
  - ➔ Clearly permit the sale of brew pub products through SLGA.
  - ➔ Clarify the legality of beer and wine making kits.
  - ➔ Clarify that liquor permits may be issued for public vehicles, such as limousines or tour buses.
  - ➔ Remove the requirement that applicants for liquor permits sign a statutory declaration before a Commissioner for Oaths.

Performance Measurement Results:

Ensuring a high degree of compliance is a key outcome for SLGA. Following are a series of measures that demonstrate how SLGA monitors compliance in the liquor and gaming sectors. Each measure contributes to ensuring the integrity of SLGA's regulatory compliance framework. The first measure is an aggregate measure that depicts the outcome of SLGA's compliance activity by illustrating what percentage of inspections and investigations result in an actual sanction. Overall, the measure demonstrates that compliance rates are very high. Measures surrounding the number of inspections, investigations, sanctions and audits reflect the scope of activity conducted in various areas of regulatory compliance. SLGA also conducts a number of educational workshops that are intended to promote awareness about the laws and regulations governing the liquor and gaming industries in Saskatchewan.

Compliance Rate

Actual Results:
In 2004-05, the overall compliance rate was 97 per cent. This compares to a compliance rate of 95 per cent in 2003-04. The compliance rate is even higher if only those sanctions that resulted in a fine or a suspension are counted as opposed to letters of warning.

Total Number of Compliance Contacts With Stakeholders

Actual Results:
In 2004-05, there were a total of 10,190 contacts with the public and stakeholders across the liquor and gaming sectors. This result is slightly less than the 11,270 contacts undertaken in 2003-04. Contacts include telephone calls, letters and other forms of communication. The decline in the number of contacts reflects fewer complaints and more in-depth, project-based inspections.

Number of Inspections

Actual Results:
In 2004-05, SLGA conducted 4,377 inspections of liquor and gaming activity. This is a slight increase over 2003-04 when SLGA conducted 4,300 inspections in the liquor and gaming industry. The number of inspections is generally dependent on the focus of the inspection cycle in a given year.

Number of Investigations

Actual Results:
In 2004-05 SLGA conducted 2,650 liquor and gaming investigations, approximately 600 of which were liquor-related. This is a decrease from the 3,093 investigations conducted in 2003-04.

Number of Audits/Reviews

Actual Results:
In 2004-05, SLGA conducted 132 audits and reviews of liquor stores, casinos, charitable gaming organizations and within head office. This is down slightly from the 145 audits conducted in 2003-04. As a result of the introduction of a risk-based planning framework by SLGA's Audit Services Branch, SLGA expects that the number of audits conducted will decrease slightly from historical levels. However, SLGA also expects the audits to add greater overall value as audits become larger in scope and more complex.

Number of Consultations Regarding Compliance Issues

Actual Results:
In 2004-05, SLGA conducted 2,810 general compliance consultations and an additional 75 horse racing compliance consultations. This result is comparable to the 3,028 consultations conducted in 2003-04. The slight decrease is due to a decline in liquor permittee and bingo hall consultations.

Total Number of Sanctions

Actual Results:
The total number of sanctions rose slightly from 180 in 2003-04 to 196 in 2004-05. As of March 31, 2005, SLGA had 85 liquor-related sanctions (only 25 which resulted in a fine or suspension); 66 gaming-related sanctions; and 45 total horse racing sanctions (37 of which resulted in a fine or suspension).

Number of Educational Workshops

Actual Results:
In 2004-05 SLGA conducted 221 educational workshops, compared with 207 workshops conducted in 2003-04.

Historical Compliance Results for SLGA: 2002-03 to 2004-05

Performance Measure	02-03 Result	03-04 Result	04-05 Result
Compliance rate	92%	95%	97%
Number of inspections	4,939	4,300	4,377
Number of investigations	3,324	3,093	2,650
Total contacts with licensees	12,334	11,270	10,190
Number of consultations	3,439	3,028	2,810
Number of audits/ reviews	132	145	132
Number of sanctions	292	180	196

** Some of SLGA's compliance outcomes may fluctuate from year-to-year as a result of more complex, project-based inspections and investigations. For example, in 2004-05, SLGA's numbers were down slightly from 2003-04 in the area of investigations. As issues become more complex, and as reviews become broader in scope, they take more time to complete. As a result, a decline in the number of investigations does not necessarily mean that less compliance activity has taken place, but rather that more complex reviews have taken place. As well, SLGA now spends more time with licensees to review changes in policy or the nature of past infractions in an effort to educate licensees and avoid future sanctions.*

Objective 2: Revenue Distribution: Distribute liquor and gaming revenues among provincial stakeholders in support of broader provincial objectives.

SLGA plays a significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenues among provincial stakeholders towards the achievement of broader provincial objectives. In 2004-05, SLGA transferred $361.0 million to the provincial government's General Revenue Fund. The policy and legislative framework governing the liquor and gaming sectors also provides for the sharing of revenue among many stakeholders. VLT site contractor revenues slightly decreased to $40.1 million relative to the $41.2 million transferred in 2003-04. This decrease is largely attributable to the provincial smoking ban. Franchise commissions increased slightly to $4.8 million from the $4.7 million transferred in 2003-04. Charitable gaming proceeds were $30.3 million in 2004-05, a decline of $4.1 million relative to the $34.4 million retained by charities in 2003-04. The decline is attributable to the continuing decline in popularity of bingo and breakopen tickets as well as the impact of the smoking ban in the last quarter of 2004-05.

Key Results:

Continue to implement the provisions of the Gaming Framework Agreement and work towards the fulfillment of its obligations. (2004-05 Planned Result)

- In 2004-05, SLGA received and reviewed two casino proposals from SIGA for new developments at the Whitecap Dakota First Nation and in Swift Current. SLGA reviewed and analyzed both proposals and prepared recommendations for government's consideration. Following government's approval in principle of the proposals, SLGA negotiated the necessary amendments to the Gaming Framework Agreement to accommodate the approvals.
- Meetings with Indigenous Gaming Regulators continue, as do meetings with the FSIN respecting First Nations jurisdiction over gaming on-reserve. SLGA will continue working toward fulfillment of the Province's obligations in the Gaming Framework Agreement through 2005-06.

Complete a gaming research project to provide an in-depth historical analysis of the gaming market and to explore the relationships between different forms of gaming. (2004-05 Planned Result)

- In partnership, SLGA, Saskatchewan Gaming Corporation, Saskatchewan Indian Gaming Authority and First Nations University of Canada initiated a three year gaming research project to provide in-depth historical analysis of the gaming market. The final report, received in January 2005, concluded that during the study period of the economic model (1993-94 to 2001-02) there were still new dollars being generated by gaming and the provincial gaming market was not fully saturated at that time. The results of the study confirmed previous conclusions about the gaming market and served to reinforce existing policy.

Continue to play an ongoing role with respect to Community Development Corporations. (2004-05 Planned Result)

- In 2004-05, SLGA continued to play an ongoing role with respect to CDCs by representing the provincial government on three CDC Boards.

Conduct a Review of Charitable Gaming. (2004-05 Planned Result)

- In the fall of 2004, SLGA conducted a consultation with charitable gaming licensees. SLGA sent letters and background information to approximately 2,600 charitable gaming licensees, inviting each licensee to share views of charitable gaming, including the challenges facing charitable gaming and proposed solutions to those challenges. SLGA received approximately 200 responses and met directly with 15 groups. Based on the responses from stakeholders and its internal review, SLGA is developing and analyzing a number of options for the future of charitable gaming in Saskatchewan.

Conduct a Review of Horse Racing. (2004-05 Planned Result)

- SLGA anticipates that in June 2005, Horse Racing Saskatchewan will be bringing forward to government a long-term strategic plan for the horse racing industry in Saskatchewan.

Implement SLGA's corporate research agenda that includes policy and program evaluation, background research, post-implementation evaluation, survey work, environmental scanning, performance measurement and comparative and historical research. (2004-05 Planned Result)

- In addition to ongoing monitoring and comparative analysis, 2004-05 research and analysis focused primarily on the impact on the hospitality sector of 2004-05 budget decisions and the impact of smoking bans that were implemented by communities in advance of the province-wide legislation. In addition, based on a market analysis that incorporated the impact of the wet and cool 2004 summer, a decision was made in August to reverse a 2004-05 budget decision to cap commercial permittee beer discounts.

Performance Measurement Results:

Revenue Distribution: VLT Site Commission Revenue:

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
VLT site commission revenue	$35.6 M	$35.6 M	$41.2 M	$40.1 M

The VLT site commission revenue for the year ending March 31, 2005 is $40.1 million.

During the period of 2001-02 to 2003-04, VLT site commission revenue increased due to the replacement of old machines with new machines starting in 2003-04, and the addition of 400 VLTs in 2003-04. However, the decrease of $1.1 million in 2004-05 relative to 2003-04 is due primarily to the impact of *The Tobacco Control Amendment Act, 2004* as well as municipal smoking bans implemented in Saskatoon, Yorkton, Moose Jaw and Humboldt in advance of the legislation.

Despite the decrease, revenues continued well above 2002-03 levels. SLGA pays a 15 per cent VLT site commission to licensed establishments that host VLTs.

Revenue Distribution: Off-Sale Permittee Beer Discount:

The off-sale permittee beer discount for the year ending March 31, 2005 is $8.2 million.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Off-sale permittee beer discount	$10.5 M	$9.8 M	$9.9 M	$8.2 M

The 2004-05 result reflects a decrease of $1.7 million relative to 2003-04. The beer discount was down slightly in 2004-05 due to the reduction of the discount for the first quarter of 2004-05, and a cool 2004 summer which resulted in a decrease in beer off-sales. The historical three-tiered beer discount structure was restored in August 2004, retroactive to July 1, 2004.

Revenue Distribution: Franchise Commission:

The franchise commission for the year ending March 31, 2005 is $4.8 million.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Franchise commission	$3.5 M	$3.8 M	$4.7 M	$4.8 M

The franchise commission increased slightly in 2004-05 due to a small increase in franchise sales. SLGA revised the commission structure for wine, spirits and refreshments in 2002-03 from 11.3 per cent to 15.3 per cent which accounts for the increase in 2003-04.

Revenue Distribution: SLGA Net Income Transferred to the General Revenue Fund:

SLGA's transfer to the GRF for the year ending March 31, 2005 is $361.0 million.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
SLGA net income transfer to the GRF	$315.7M	$328.7M	$360.8M	$361.0M

The 2004-05 result reflects a slight increase relative to the $360.8 million figure for 2003-04. SLGA's net income transferred to the General Revenue Fund has increased over time due to overall increased net income in all segments of SLGA's operations including VLTs, SIGA casinos and liquor operations.

Revenue Distribution: Charitable Gaming Proceeds:

Total charitable gaming proceeds for 2004-05 were $30.3 million.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Charitable gaming proceeds	$38.2 M	$37.0 M	$34.4 M	$30.3 M

The 2004-05 result represents a $4.1 million decline from the 2003-04 figure of $34.4 million. Charitable gaming proceeds have been declining due to the continuing decline in popularity of breakopen tickets and bingo, and the implementation of the municipal and provincial smoking bans.

Revenue Distribution: Revenue Transferred to the First Nations Addiction Rehabilitation Foundation (FNARF):

FNARF receives $1.5 million in funding annually through the Gaming Framework Agreement to support problem gambling prevention and addiction services.

Objective 3: Fair Access: Support fair access to liquor and gaming products and services.

The intent of this objective is to ensure fair access to liquor and gaming products and services across the province. Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the province's delivery model. In the retail liquor distribution sector, the achievement of this objective is reliant on SLGA's partnership with the province's network of franchises and off-sale outlets, both of which play a significant role in serving rural and remote areas. Similarly, providing access to gaming depends on SLGA's partnership with VLT site contractors, the province's charitable gaming network and SIGA casinos. In 2004-05, SLGA maintained existing access to the province's network of liquor outlets and VLT sites.

Key Results:

Review of VLT Distribution Policy. (2004-05 Planned Result)

- In late 2004-05, SLGA's Board approved a policy for the ongoing distribution of VLTs when machines become available and there is no waiting list. A formal review of the VLT redistribution process was originally targeted for 2004-05 with implementation to follow. However, in light of the provincial smoking ban, SLGA reconsidered the timing of a redistribution review process.

Performance Measurement Results:

Retail Liquor Outlets Per Capita
This measure depicts the ratio of liquor outlets per capita using provincial population data for those age 19 and older. The measure serves as an indicator for tracking fair access to liquor products and services. The measure is calculated by dividing the 19 and older provincial population cohort by the total number of retail outlets, including the number of SLGA liquor stores, the number of franchises and the number of off-sale outlets. In the past, SLGA calculated the measure using the total provincial population. For 2004-05, SLGA has restated the results for the period 2002-03 to 2004-05 using the 19 and older age cohort. This approach is more appropriate given the legal age for purchasing beverage alcohol in the province is 19 years.

Actual Results:
In 2004-05, Saskatchewan had one liquor outlet for every 981 residents age 19 and older, compared to one outlet for every 968 residents age 19 and older in 2003-04. The slight change is reflective of the fact that the provincial population grew and the number of outlets decreased slightly. The 2004-05 result is calculated based on a total of 750 outlets (81 SLGA stores + 478 off-sale outlets + 191 franchises) and a provincial population for those age 19 and older of 735,646 (Statistics Canada, Population Survey, 2005).

Number of Retail Liquor Outlets Per Capita for Population 19+

Year	Provincial Population 19+	Total Number of Outlets	Outlets Per Capita 19+
2002-03	726,961	755	1:963
2003-04	730,612	755	1:968
2004-05	735,646	750	1:981

Number of VLTs, Number of Sites and Number of Communities with VLTs
This measure tracks the total number of VLTs in operation, the number of sites in which VLTs are operational and the number of communities with VLTs. The measure serves as a good indicator for tracking fair access to VLTs.

Actual Results:

Year	Number of VLTs	Number of sites	Number of Communities with VLTs
1999-00	3,567	641	326
2000-01	3,561	643	321
2001-02	3,536	682	332
2002-03	3,760	691	334
2003-04	3,995	691	326
2004-05	3,971	697	324

As of March 31, 2005, there were 3,971 VLTs in 697 sites, located in 324 communities in Saskatchewan.

- SLGA continues to operate within the established cap of 4,000 VLTs. The number of sites and the number of communities with VLTs has been maintained over time.

Objective 4: Social Responsibility: Promote social responsibility in the use of liquor and gaming products.

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health, Saskatchewan Government Insurance, the Canadian Mental Health Association and the Saskatchewan Institute on Prevention of Handicaps. Social responsibility forms a part of SLGA's mandate and is an important part of SLGA's strategic direction. During 2004-05, SLGA maintained its existing program funding in collaboration with other agencies. Further analysis is still required to examine the effectiveness of SLGA's existing role with respect to social responsibility outcomes.

Key Results:

Provide financial and policy support to the Provincial Strategy for Individuals with Cognitive Disabilities. (2004-05 Planned Result)

- SLGA's budget for 2004-05 included $150,000 to be targeted specifically at Fetal Alcohol Spectrum Disorder (FASD) awareness and education as a part of the Province's Cognitive Disabilities Strategy. Funds were dispersed in accordance with the strategy.

Review the impact of SLGA's implementation of a two-year pilot project banning the sale of glass beer bottles in La Loche. SLGA will consider, in consultation with interested groups and communities, whether a broader program is warranted for 2004-05 and beyond. (2004-05 Planned Result)

SLGA's final evaluation of the La Loche pilot project indicated that the bottle ban had no negative impact on sales by commercial permittees or SLGA. More importantly, observations by community leaders, combined with the analysis of Saskatchewan Health and RCMP data, indicated the ban had the desired effect by significantly reducing broken glass litter in the community and resulting in fewer glass injuries for residents. Based on the success of the pilot project in La Loche, SLGA will recommend extending the ban at its liquor stores, franchises and commercial permittees in those Northern Administration District communities where municipalities request a ban.

Work with Saskatchewan Health within the overall provincial program for problem gambling and provide funding for education, prevention and treatment initiatives. (2004-05 Planned Result)

- SLGA continues to liaise with Saskatchewan Health on a provincial program for problem gambling. As part of the overall provincial program in 2004-05, SLGA funded the provincial 1-800 HELP line, as well as various activities of the Saskatchewan Responsible Gaming Association and the provincial problem gambling public awareness campaign. In 2004-05, SLGA provided funding of $500,000 for gaming-related social responsibility initiatives.

Continue to work with the Western Canada Lottery Corporation (WCLC) to provide VLT site contractor training which encourages the responsible use of gaming machines and provides training on spotting signs of problem gambling. (2004-05 Planned Result)

- WCLC provides training to new site contractors in the province. A one-time supplemental grant of $31,000 was approved for the Saskatchewan Responsible Gaming Association to fund problem gambling initiatives such as development of informational literature for site contractors on dealing with problem gamblers and maintaining a supply of

awareness pamphlets for VLT players. This information is anticipated to be available for distribution to sites in 2005-06.

Performance Measurement Results:

Under Development

As SLGA continues to review and assess its role in promoting social responsibility in the liquor and gaming industries, the organization will develop outcome measures that help evaluate how well it is doing in meeting this objective. However, selecting measures that demonstrate the effectiveness of social responsibility initiatives is complex for a variety of reasons. For example, SLGA works in partnership with a broad range of agencies to achieve social responsibility outcomes, and as such, SLGA shares responsibility for these results with a number of other agencies. As well, methodologically it is difficult to link specific programs or initiatives directly to broad societal outcomes that can also be influenced by many external factors and which also tend to shift slowly on a year-to-year basis. In this context, SLGA will continue to explore ways of measuring social responsibility outcomes on a program-by-program basis, in addition to continuing to fund programs and initiatives led by other agencies. In 2004-05, SLGA conducted an intraprovincial and interprovincial review to assist in strengthening SLGA's social responsibility initiatives. This work will continue in 2005-06.

Goal 3: Our People
Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility.

Objective 1: Employee Health, Safety, and Satisfaction: Create a safe, healthy and positive workplace for our employees.

SLGA is a significant employer in the province, with approximately 910 full-time, part-time and casual staff in 64 communities. As a provider of services, SLGA's staff are critical to ensuring the organization's success in meeting customer expectations and being successful as a business. SLGA is committed to its vision of being an employer of choice and to living up to its guiding principle of mutual respect. This objective reflects SLGA's commitment to ensuring a positive, healthy and safe workplace for its employees. SLGA believes that the work environment is a significant determinant of employee success and productivity. In 2004-05, SLGA implemented a new in-scope classification plan that meets government-wide objectives for equal pay for work of equal value and pay equity, developed a corporate employee satisfaction survey and began a new round of collective bargaining with SGEU. However, the development and implementation of a new training program for violence and harassment awareness was delayed.

Key Results:

Develop and implement a training program for harassment and violence awareness in the workplace and deliver to all SLGA employees. (2004-05 Planned Result)

- SLGA did not complete the review and revision of its policy relating to harassment and violence in the workplace during 2004-05. SLGA's management and union bargaining teams began the collective bargaining process at the end of January 2005 and the commitment to the joint review and revision of this policy was discussed at the table and confirmed in principle. Completion of a revised policy is now expected to take place by the fall of 2005. SLGA expects to seek proposals for the design and delivery of No Harassment/No Violence in the Workplace training and begin implementation of the training by the end of 2005-06

Develop and implement a corporate employee satisfaction survey, which provides meaningful information to guide future initiatives. (2004-05 Planned Result)

- In 2004-05, SLGA developed a draft corporate employee satisfaction survey. The survey is closely aligned with the survey administered by the Saskatchewan Public Service Commission to Executive Government departments. While the survey design is largely complete, SLGA has not yet administered the survey. It is expected that the survey will be delivered in early 2005-06, with subsequent evaluation and follow-up to occur later in the year.

Support positive labour relations by using a co-operative and collaborative approach with union representatives to renew the existing Collective Agreement that expired in March 2004. (2004-05 Planned Result)

- SLGA continued work to maintain and enhance the strong working partnership it has developed with the Saskatchewan Government and General Employees Union. In addition to completion, ratification and implementation of the jointly developed in-scope classification plan to address equal pay for work of equal value and pay equity, joint policy development continued with respect to policies for family care leave, part-time staffing in stores, access to other work units to maximize hours of work, restructuring health benefits and the role of union observer in the staffing process. Regular discussion with union executive continued to result in a lower number of overall grievances and has helped to resolve outstanding grievances. With the start of another round of collective bargaining in late January 2005, both

parties reconfirmed their commitment to using an interest-based approach to problem solving. The parties also continued joint policy development in the areas of Sunday openings, designated holidays, part-time scheduling in stores, temporary assignment of higher duties (TAHD) for store employees and TAHD for employees in head office. As of March 31, 2005, collective bargaining was in progress.

Implement the In-Scope Classification Plan for SLGA, and begin the redevelopment of the Out-of-Scope Classification Plan. (2004-05 Planned Result)

- A new In-Scope Pay Equity Classification Plan to address equal pay for work of equal value and pay equity was completed, ratified and implemented during 2004-05. An appeal process involving an independent, external appeal Chair was conducted with the results of employee appeals expected to be released in early 2005-06. SLGA expects to identify a process to update its Out-of-Scope Classification Plan and begin the process during 2005-06.

Develop a comprehensive evaluation process for corporate training initiatives. Implement a standardized feedback process that measures a participant's response to corporate training and determine the overall effectiveness of SLGA's training in achieving specific outcomes. (2004-05 Planned Result)

- Implementation of a standardized feedback process to measure participant response to training and assist in developing assessments of the overall effectiveness of specific training is linked to the delivery of the Employee Satisfaction Survey and is therefore delayed until this survey is administered. This is expected to occur in 2005-06. SLGA is also working to develop more comprehensive and effective ways to measure both how the organization values training and what the value of that training is in terms of assisting SLGA in meeting broader strategic objectives.

Performance Measurement Results:

Number of Employees Who Have Taken Harassment and Violence in the Workplace Awareness Training Each Year

This performance measure is intended to reflect the extent to which employees have taken training designed to eliminate harassment and violence in the workplace.

Actual Results:

No employees received this training in 2004-05. The implementation of this program has been delayed and is now expected to be implemented in 2005-06 following the acquisition of facilitation resources.

Objective 2: Employee Performance and Skill Development: Develop the capacity and skills of our employees by offering opportunities for learning and growth.

Developing the capacity of SLGA's employees is an important component of SLGA's renewed approach to performance management and accountability. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and performance. These initiatives are important components of ensuring that the organization has the capacity to meet other strategic outcomes, including enhancing customer service and strengthening overall productivity. As well, this objective is tied to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning. In 2004-05, SLGA continued to provide leadership development training opportunities to staff and began the development of a new performance planning system for employees.

Key Results:

Continue to train employees in leadership skills by offering introductory and management courses as well as specified modules for specific leadership issues. (2004-05 Planned Result)

- An Introduction to Leadership Workshop was held for 26 employees in the fall of 2004. A

review of the current Leadership training program occurred, including contacting employees who have completed the intensive Lead Management Development training program to informally assess its impact. Ongoing development of internal facilitation and coaching resources, and further development of the Lead Management Program, were identified as priorities for the 2005-06 training year.

Develop a learning and performance planning policy/program that assists each employee in developing their skill set and directs the organization to proactively address succession planning. (2004-05 Planned Result)

- The redevelopment of SLGA's Performance Planning Process began in 2004-05 but has not been completed. Core competencies were identified as an integral component of a revitalized performance planning process and SLGA is focusing upon the development of a strategy to complete the development of core competencies within a 12-15 month timeframe. Redesign of the performance planning process will continue in conjunction with the completion of core competencies over this time period to facilitate approval and implementation of a revitalized performance planning process once core competencies are fully implemented.

Performance Measurement Results:

Cumulative number of employees that complete leadership training
This measure reflects SLGA's commitment to building leadership skills throughout the organization as a means of ensuring continuous success in achieving SLGA's strategic objectives.

Actual Results:
Twenty-six employees participated in an Introduction to Leadership workshop in the fall of 2004. More than 600 employees have been involved in leadership training since the program's inception in 1997. SLGA is exploring more systematic ways of measuring the outcomes achieved through its various training programs. SLGA will report on this measure as a "key action" in 2005-06.

Objective 3: Representative Workforce: Develop a workforce that is representative of the population we serve.

This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. The objective is a critical component of SLGA's Balanced Scorecard, and it is also a key outcome envisioned by SLGA's Employment Equity Plan that was approved by the Saskatchewan Human Rights Commission in 2003. SLGA maintained the employment rate for Aboriginal Peoples in 2004-05, while modest progress was made for other equity groups compared to 2003-04 results. SLGA expects that equity group employment outcomes will improve as other corporate initiatives identified under this objective are fully implemented.

Key Results:

Continue to deliver cultural awareness and diversity training to all SLGA employees. (2004-05 Planned Result)

- As of March 31, 2005, SLGA completed the initial delivery phase of Aboriginal Cultural Awareness Training in collaboration with the First Nations University of Canada. During the year, SLGA held 10 workshops with a total of 271 participants. A majority of employees have now completed this training and SLGA will determine how many workshops will be required annually to offer training to remaining staff and new employees that join the organization.

Based on the Aboriginal Partnership Agreement (APA) and the joint union/management Employment Equity Plan, prepare the organization to hire and retain employees from the four designated groups. (2004-05 Planned Result)

- SLGA continued work to increase designated equity group representation within its workplace

during 2004-05. Initiatives under SLGA's APA and the Employment Equity Plan included:

- ➜ Development of a corporate orientation program for newly hired employees.
- ➜ Development of a process to follow up with newly hired employees.
- ➜ Participation in career fairs.
- ➜ Arranging unpaid work placements for Aboriginal participants in employment training programs.
- ➜ Revising and updating advertising/posting for all external vacancies, including casual employment.
- ➜ Beginning work on a comprehensive Human Relations Systems Review.
- ➜ Ongoing employee communications about Employment Equity.

Continue to implement SLGA's Corporate Employment Equity Plan, including actions surrounding: recruitment and hiring strategies; retention strategies; employee education; performance management; and, job classification, designation and evaluation. (2004-05 Planned Result)

- Specific strategies to implement SLGA's Employment Equity Plan are identified in the preceding action.

Begin the development of a corporate-wide succession strategy in order to ensure SLGA is able to respond effectively to the demographic challenges identified in its environmental scan. (2004-05 Planned Result)

- The ongoing development of SLGA's corporate succession planning strategy is focusing on broad-based programs to prepare the organization for the recruitment challenges ahead, including:
  - ➜ SLGA's Aboriginal Partnership Agreement and Employment Equity Plan are helping prepare our workplaces for Aboriginals and other members of equity groups, as well as creating networks to enhance our ability to recruit and retain qualified employees in a competitive labour market.
  - ➜ The Assistant Regional Manager Development Program provides developmental experience to prepare qualified applicants for openings at the Regional Manager, Store Manager and Assistant Manager levels within the Retail Operations Division.
  - ➜ Offering employees the opportunity to bid on temporary or term assignments on special projects as a way to expand their range of experience and develop additional competencies to prepare for future job opportunities.
  - ➜ Delivery of various phases of the Leadership Development Program to prepare employees to maximize their contribution to meeting broader personal and corporate goals.

Performance Measurement Results:

Equity Group Employment

This measure depicts the employment status of the four equity groups within SLGA. The measure is an important indicator for evaluating progress towards achieving a representative workforce. SLGA has set the Saskatchewan Human Rights Commission's equity group employment targets as a long-term goal. These targets are: 45 per cent of employees at all levels are female; 12.5 per cent are Aboriginal people; 9.7 per cent are persons with disabilities; and, 2.8 per cent are visible minorities.

Actual Results:

Equity Group Employment in SLGA: 2001-02 to 2004-05

Equity Group Employment	01-02	02-03	03-04	04-05
Aboriginal People	5.0%	5.4%	5.6%	5.2%
Women Overall	58.1%	56.8%	57.4%	58.5%
Persons with Disabilities	3.7%	3.4%	3.6%	4.0%
Visible Minority Persons	2.1%	2.2%	2.6%	2.8%

The multi-year data regarding equity group employment shown in the preceding table depicts a small decrease in the percentage of Aboriginal employees and modest but continuing increases in the percentages of women, persons with disabilities and visible minority persons employed at SLGA during the last four years. The slight decline in the percentage of Aboriginal employees from 2003-04 to 2004-05 is primarily due to retirements and resignations of part-time staff who found full-time work elsewhere.

Number of Employees Who Have Taken Aboriginal Cultural Awareness Training

By providing current employees with an awareness and appreciation of Aboriginal culture, SLGA will be better positioned to recruit and retain qualified Aboriginal employees as well as members of other equity groups.

Actual Results:
271 employees participated in the Aboriginal Cultural Awareness Program (ACAP) in 2004-05. SLGA has met its objective of providing employees with an opportunity to attend this training during an initial three-year period. Beginning in 2005-06 this will no longer be reported as a performance measure. SLGA will determine the number of ACAP workshops that will be offered on an annual basis to provide this opportunity for those employees who have not yet attended, primarily newly hired employees.

Objective 4: Communication: Effectively communicate our policies, priorities and results to the public.

This objective reflects the importance of communicating SLGA's priorities, policies and programs effectively to the public and stakeholders, as well as to SLGA's own employees. Due to the size of SLGA as an organization, and given the number and diversity of stakeholders, partners and customers in the liquor and gaming sectors in Saskatchewan, effective overall communication is a critical corporate priority. Internal communication with staff is also critical to building a healthy and productive organizational culture that provides employees with consistent messages about SLGA's strategic priorities and their role in achieving those priorities. In 2004-05, SLGA continued to make improvements to its communications through enhancements to SLGA's website, in particular the development of new online services and further refining existing online services for liquor licensing and charitable gaming.

Key Results:

Develop, implement and refine the corporate website and the corporate intranet to provide the public, clients and employees with a full range of information on the strategic direction, role, mandate, organizational structure and legislative responsibilities of SLGA. (2004-05 Planned Result)

- SLGA continued to update its corporate website (www.slga.gov.sk.ca) with development efforts focused upon providing clients online access to licensing services. As well, efforts continue to enhance the timeliness and effectiveness of internal communications at SLGA through a variety of methods that recognize the challenges of effective information sharing with employees who are located across the province. Methods of communication include e-mail updates, communiqués included with paycheques and the ongoing enhancement of information available to employees through SLGA's intranet, ION. ION provides a range of information on the strategic direction, role, mandate, organizational structure and legislative responsibilities of SLGA, as well as ongoing status reports of current corporate projects. Work to enhance SLGA's corporate intranet content in such areas as corporate policies is ongoing.

Publish SLGA's Corporate Balanced Scorecard and its performance results annually in a timely and meaningful way. (2004-05 Planned Result)

- SLGA published its 2004-05 Performance Plan (Strategic Plan) with the provincial budget in March 2004. SLGA also published its 2005-06 Performance Plan in March 2005. In July 2004, SLGA published its 2003-04 Annual Performance Report which aligned results directly with SLGA's published 2003-04 Balanced Scorecard. These documents are available on SLGA's website at www.slga.gov.sk.ca. SLGA remains committed to the principle of demonstrating results and it will continue to make strategic refinements to its public performance reporting in collaboration with Saskatchewan Finance and the Provincial Auditor's Office.

Performance Measurement Results:

Under Development

SLGA is developing performance measures for this objective that measure the organization's success in communicating both internally and externally. Some of this performance measurement activity will be linked to SLGA's satisfaction surveying both internally and externally. Some of the measures SLGA is considering include: the perceived value and use of SLGA's website and employee intranet (using a survey approach); measuring the full extent of SLGA's consultation activity with stakeholders and customers; evaluating the broader public and client understanding of SLGA's policies; and, measuring the effectiveness of our public performance reporting. Implementation of these activities will occur as resources permit.

Goal 4: Internal Operations
Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees.

Objective 1: Improved Business Processes and Infrastructure: Streamline our internal business processes and infrastructure to foster continuous improvements, enable our employees and strengthen our customer service capabilities.

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operations. The objective seeks to align SLGA's key business processes with the achievement of the other key outcomes identified in SLGA's Performance Plan. Operational improvements are very diverse in scope and can include: aligning information systems and technology with key priorities; refining and improving annual planning and budgeting processes; providing meaningful research and policy analysis to decision-makers on key issues within the liquor and gaming sectors; making strategic operational investments which improve service and revenue growth; and, seeking efficiencies in the delivery of programs and services.

SLGA made significant improvements to its internal operations in 2004-05 by: launching a commercial permittee liquor licensing system; developing and piloting an online gaming employee registration system for use by casinos; making further refinements to the online charitable gaming licensing system; beginning the implementation of a new point-of-sale (POS) system in stores; developing a business continuity planning process for SLGA; and, developing a more systematic approach within the corporation to identifying and managing strategic risks.

Key Results:

Guide information technology improvements through an Information Technology Steering Committee, which monitors the progress of existing projects and sets direction for future initiatives. (2004-05 Planed Result)

- SLGA continued to work on developing a more explicit risk management approach within SLGA including the development of a corporate business continuity plan. During the year, progress was made in developing business continuity plans for SLGA's liquor distribution and retail services business units. A disaster recovery plan was also developed by WCLC for SLGA's VLT program.

- A commercial permittee liquor licensing system was implemented within SLGA in November 2004. SLGA plans to provide commercial permittees with online services in April 2005. This service will allow commercial permittees to apply for new permits, renew permits and update existing information and endorsements online.

- Development of an online gaming employee registration system for use by casinos in the province was completed near the end of the fiscal year. SLGA plans to pilot the system at SIGA's Northern Lights Casino in April 2005. Online gaming registration services will be provided to all provincial casino sites following completion of the pilot.

- As well, in March 2005, one pilot liquor store was installed with the new POS system with two other pilot stores targeted for implementation in April 2005. Upon successful completion of the pilots, SLGA plans to implement the new POS in all SLGA liquor stores by summer 2005.

Automate and redesign business processes by completing the implementation of new information systems related to liquor licensing and charitable gaming. (2004-05 Planned Result)

- SLGA implemented an online licensing system for charitable gaming in 2003-04 and made some additional refinements in 2004-05. A commercial permittee liquor licensing system

was implemented within SLGA in November 2004. SLGA plans to provide commercial permittees with online services in April 2005. This web service will allow commercial permittees to apply for new permits, renew permits and update existing information and endorsements online. Work has also begun to automate and redesign business processes related to the application and issuance of special occasion permits.

Develop and pilot a store planning process. SLGA will pilot a store strategic planning process as part of the 2004-05 corporate planning process. (2004-05 Planned Result)

- In early 2004-05, SLGA developed detailed planning guidelines for store strategic planning. SLGA also proceeded with piloting the store planning process in four stores - Leader, Tisdale, Fort Qu'Appelle and North Battleford. The store managers in these locations have completed draft store plans for 2005-06. These draft plans will be reviewed early in the 2005-06 fiscal year and more stores will be included in the process when feasible.

Continue developing and using the Balanced Perspectives model to facilitate the strategic planning and performance management process. (2004-05 Planned Result)

- SLGA has implemented a broad range of internal corporate processes designed to support enhanced strategic planning and accountability for results. This work has included: adopting an annual planning cycle that emphasizes a multi-year approach to planning and that requires input from all levels within the organization; more closely aligning SLGA's Corporate Strategic Plan with the annual budget development process; strengthening division, branch and store planning; implementing a process that ensures management reporting on, and accountability for, their Division plans; strengthening the organization's approach to corporate performance reporting; and, implementing a range of risk management processes.

Work with the Western Canada Lottery Corporation (WCLC) to evaluate and assess the province's gaming network and make adjustments in policy where required. (2004-05 Planned Result)

- SLGA continues to work with its agent, WCLC, for ongoing evaluation and assessment of the province's gaming network.

Complete the development of a Security Charter. (2004-05 Planned Result)

- Work continued on the development of the Security Charter. Formal approvals are planned for 2005-06.

Performance Measurement Results:

Licensing, Regulating and Support Expenditures as a Percent of Revenue
This is an efficiency measure that depicts the overall cost of generating revenue. The measure reflects SLGA's efforts to optimize revenue using the least amount of operational resources. The measure also reflects the expenditures that SLGA requires in order to meet its operational and regulatory roles. The measure is intended to evaluate how well SLGA is doing in terms of improving internal business operations and how efficiently it uses public resources.

Actual Result:
SLGA's licensing, regulating and support expenses as a percentage of revenue for the year ending March 31, 2005 is 3.6 per cent.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Licensing, regulating and support expenses as a per cent of revenue	4.2%	4.0%	3.8%	3.6%

In 2004-05, SLGA revenues increased slightly while expenses remained relatively flat resulting in

an overall decrease in the ratio compared to previous years.

Objective 2: Liquor and Gaming Distribution Productivity: Distribute and manage liquor and gaming products efficiently to ensure customer expectations are being met in a cost effective manner.

This objective speaks to SLGA's operational efficiency in the distribution component of the liquor and gaming sectors in Saskatchewan. An important part of ensuring a high degree of efficiency and productivity in distribution rests with SLGA's information systems capacity. In the last several years, SLGA has undertaken several initiatives designed to: improve its online licensing and registration systems; improve the supply chain and sales process for liquor distribution; and, improve internal management information systems.

This objective also speaks to the important role SLGA fulfills in overseeing the planning and budgeting operations of the Saskatchewan Indian Gaming Authority (SIGA) and the Western Canada Lottery Corporation (WCLC). The measures presented under this objective provide an assessment of the effectiveness of SLGA's approach to managing these operations. In 2004-05, SLGA continued to work with SIGA and WCLC in approving their plans and budgets. As well, SLGA made progress in the development of Business Continuity Planning Framework for SLGA's core businesses.

Key Results:

Finalize the upgrade to SLGA's point-of-sale system for liquor distribution.

- SLGA began the implementation of the point-of-sale project in 2004-05 and expects to fully complete the implementation process in all stores in the summer of 2005.

Continue to monitor and approve budgets for the Western Canada Lottery Corporation.

- SLGA approved WCLC's budget for 2005-06. SLGA's role in continuing to monitor and approve budgets for WCLC is ongoing. SLGA contracts with WCLC to provide services such as training, installation and maintenance of VLTs, slot machines and breakopen vending machines maintaining the central operating systems and providing a toll-free helpline for assistance.

Continue to monitor and approve budgets from SIGA.

- SLGA continued to review and consider amendments to SIGA's 2004-05 budget. SLGA approved SIGA's budget for 2005-06. SLGA's role in continuing to monitor SIGA's operations is ongoing. The Provincial Auditor has recognized the progress SLGA and SIGA have made regarding financial management and accountability.

Develop an internal audit process to identify key corporate strategic risks and strategies to mitigate these risks across the organization.

- SLGA's Audit Services Branch implemented a new risk-based audit framework for the 2004-05 year. During the year, the Audit Services Branch developed its first risk-based audit plan which was approved by both SLGA's Internal Audit Committee and SLGA's Board of Directors. Included in the risk-based audit plan was an increasing focus on SLGA's internal operations. During the year, the Audit Services Branch successfully completed the work outlined in the 2004-05 risk-based audit plan.

Begin the development of a Business Continuity Plan (BCP) for SLGA that is linked to the organization's broader strategic planning and risk management processes. This type of plan will help ensure the continuity of SLGA's critical business processes in the event of a major, unforeseen disruption, loss, threat or risk to those services.

- SLGA made substantial progress in developing a BCP Framework for SLGA in 2004-05. Once the BCP Framework is approved, it is intended to provide a process and a common set of

guidelines for the development of detailed business continuity plans across SLGA's primary business lines. SLGA also began the development of draft BCB for SLGA's electronic gaming operation systems (VLT operations), its warehousing and distribution systems and its retail supply systems. These plans will provide a basis and a foundation for ensuring that the programs and services provided by these systems can be maintained in the event of a major, unforeseen emergency or disaster.

Performance Measurement Results:

Store Operating Costs as a Percentage of Store Sales
This measure demonstrates SLGA's efforts to maximize liquor store revenues by using the least amount of operational resources. Given the nature of SLGA store costs in terms of labour, supply, capital and equipment costs, the outcome of this measure reflects a high degree of efficiency in terms of keeping costs down as a percentage of revenues.

Actual Results:
Store operating costs as a percentage of store sales were 12.3 per cent for the year ending March 31, 2005.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Store operating costs as a per cent of store sales	12.6%	12.6%	12.7%	12.3%

In 2004-05, SLGA liquor store sales increased significantly as a result of increased wine sales and increased beer sales due to SLGA's equalization of the mark-up on bottled and canned beer and an industry initiated beer price increase in the fall of 2004. At the same time, store operating costs compared to last year remained relatively constant. As a result, the ratio of store operating costs declined as a per cent of store sales in 2004-05.

WCLC Costs as a Per Cent of VLT Revenue
This measure depicts SLGA's efforts to maximize the return on investment from contracting with WCLC to administer the computer systems for the province's VLTs.

Actual Results:
WCLC costs as a percentage of VLT revenue for the year ending March 31, 2005 is calculated at 3.5 per cent.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
WCLC costs as a per cent of VLT revenue	4.1%	4.4%	3.4%	3.5%

The 2004-05 result is consistent with the 2003-04 result of 3.4 per cent of VLT revenue. The overall cost of the contract with WCLC has been declining in recent years. This improvement over time is due to higher revenues from the VLTs and lower costs for maintenance and parts for the new VLTs.

SIGA Slot Costs as a Per Cent of SIGA Slot Revenue
This measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenues increase at a faster rate than the costs required to operate the slots.

Actual Results:
In 2004-05 SIGA slot machine costs were 56.2 per cent of SIGA's net slot revenues.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
SIGA slot costs as a per cent of slot revenue	60.8%	59.4%	57.2%	56.2%

The historical results for this measure demonstrate that SIGA is making good progress in optimizing slot machine revenue generation based on its use

of resources. The result also reflects the overall increase in the number of slot machines in SIGA casinos. SIGA has lowered these costs relative to revenues significantly since 2000-01, when the ratio was nearly 68 per cent.

SIGA Net Income as a Percentage of SIGA Revenue

This measure shows the relationship between revenues and net income for SIGA.

Actual Results:

SIGA net income as a per cent of revenue is calculated at 33.7 per cent for the year ending March 31, 2005.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
SIGA net income as a per cent of SIGA revenue	32.2%	33.6%	34.6%[1]	33.7%

SIGA net income as a percentage of SIGA revenue has stayed relatively constant over the years indicating that as SIGA's revenues have risen, so has its net income by approximately the same percentage.

[1]SLGA's 2005-06 Performance Plan, which was published with the Provincial Budget in March 2005, incorrectly stated the 2003-04 result for this measure as 39.6 per cent. This was a typographical error and the correct figure is presented in the historical table above.

Goal 5: Financial
Be fiscally responsible and accountable in support of provincial financial objectives.

Objective 1: Financial Management and Accountability: Manage our resources effectively to ensure fiscal responsibility and accountability.

This objective reflects SLGA's commitment to sound financial management and overall financial accountability. An important part of achieving this objective is aligning SLGA's Balanced Scorecard with SLGA's financial planning and budgeting processes.

SLGA has made steady progress in improving its overall accountability for results. SLGA continues to strengthen the alignment between its strategic plan and the annual budget development process. As well, SLGA has improved management accountability by implementing a formal process requiring division heads to reconcile their performance relative to the 2004-05 published plan.

Key Results:

Continue to explore all options to increase net income in a socially responsible manner. (2004-05 Planned Result)

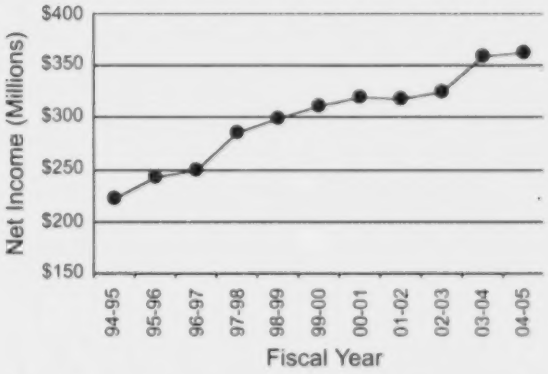
- SLGA's net income was $362.1 million in 2004-05, a one per cent increase from the $359.1 million in 2003-04. SLGA will continue to explore and propose a variety of policy options designed to increase net income in a socially responsible way as part of the 2005-06 budget process. However, SLGA notes that significant increases in net income are unlikely to be realized due to natural growth in either the liquor or gaming sectors, but rather must be the outcome of specific policy choices.

Performance Measurement Results:

SLGA Net Income
SLGA's net income reflects the total net revenue generated by the province's liquor industry and the majority of the commercial gaming industry minus operating expenses, including associated regulatory and compliance costs. This is a critical outcome for SLGA and it contributes significantly to meeting the government's revenue needs for the funding of other key programs.

Actual Results:
In 2004-05, SLGA's net income was $362.1 million. Net income increased slightly from the previous year primarily due to the increased profitability of SLGA's liquor operations and an increase in SIGA's net income, partially offset by lower VLT revenues due to the provincial smoking ban implemented during 2004-05.

SLGA Net Income: 1994-95 to 2004-05



Historically, SLGA has steadily increased its net income over the last 10 years. SLGA has transferred more than $3 billion to the provincial General Revenue Fund since 1994-95.

In 2003-04 a combination of factors combined to help SLGA realize significant growth in its net income. These factors included hosting the Grey Cup, a beer price increase initiated by the breweries, an increase in the sales and overall number of operational VLTs and increased profits at SIGA.

Net Income Percentage Variance from Previous Year
This measure depicts the percentage change in

SLGA's net income from the previous year. Notwithstanding factors out of SLGA's control, SLGA is committed to meeting its approved budgets and is committed to ensuring there is a financial return for public funds expended.

Actual Results:
The net income percentage variance from the previous year is + 1.0 per cent.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
Net income per cent variance from previous year	+1.8%	+2.2%	+10.4%	+ 1.0 %

Marginal Return on Expenses (MRE)
This is a new outcome measure for SLGA's Annual Report. The measure is intended to demonstrate SLGA's overall return on investment for the expenditures it makes. The measure expresses a ratio between the change in net income compared to the change in total operating expenses. Any outcome greater than zero is a positive outcome. This measure reflects the principle that while operating expenses can increase, this growth in expenditures often leads to an increase in net income.

Actual Results:
In 2004-05, SLGA's MRE value was + 1.24.

Performance Measure	01-02 Result	02-03 Result	03-04 Result	04-05 Result
MRE	+1.06	+0.89	+1.51	+ 1.24

Over the past few years, SLGA has had a positive Marginal Return on Expenses.

Management's Report

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management using Canadian generally accepted accounting principles. Management is responsible for the integrity, objectivity and reliability of the financial statements.

Management of the Authority has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained. An auditing function exists within the Authority, which objectively assesses the effectiveness of internal controls.

The Provincial Auditor has examined the Authority's financial statements. The Auditor's Report to the Members of the Legislative Assembly of Saskatchewan expresses an independent opinion on the fairness of presentation of the Authority's financial statements in accordance with Canadian generally accepted accounting principles.

Sandra Morgan
President & CEO

Barry Lacey, CMA, CA
Vice-President, Corporate Services

Valerie Banilevic, CMA
Manager, Financial Services

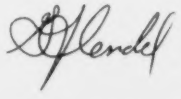
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Liquor and Gaming Authority as at March 31, 2005 and the statements of operations and retained earnings (deficit), and cash flows for the year then ended. The Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
June 8, 2005

Fred Wendel, CMA, CA
Provincial Auditor

LIQUOR AND GAMING AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31

	2005 (000's)	2004 (000's)
ASSETS		
Current assets:		
Cash	$ 1,535	$ 5,390
Due from General Revenue Fund (Note 3)	43,627	36,652
Accounts receivable (Note 7)	23,504	26,828
Prepaid expenses	3,537	3,364
Inventories (Note 5)	16,857	17,597
	89,060	89,831
Property, plant and equipment (Note 6)	78,885	93,487
Deferred Goods and Services Tax (Note 8)	2,962	3,865
	$ 170,907	$ 187,183
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 12,822	$ 12,094
Payable to General Revenue Fund (Note 4)	128,339	143,938
Goods and Services Tax payable (Note 8)	1,459	5,355
	142,620	161,387
Accrued pension liability (Note 9)	28,832	27,428
	171,452	188,815
Deficit (Statement 2)	(545)	(1,632)
	$ 170,907	$ 187,183

Commitments (Note 10)
Contingencies (Note 17)

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
STATEMENT OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
For the Year Ended March 31

	2005		2004
	Budget (000's) (Note 13)	Actual (000's) (Note 15)	Actual (000's)
Revenues:			
Liquor sales (Note 11)	$ 380,390	$ 383,541	$ 376,210
VLTs	266,861	257,248	266,107
SIGA slot machines (Note 14)	86,812	96,016	90,941
Licence, permit, and other income	3,103	3,476	4,165
	737,166	740,281	737,423
Less SIGA promotion allowances	2,448	3,287	2,428
	734,718	736,994	734,995
Direct expenses:			
Cost of liquor	185,961	195,062	197,472
VLT site commission	40,559	40,097	41,238
	226,520	235,159	238,710
Operating expenses (Schedule 1):			
VLTs, liquor, and other gaming	88,723	80,929	80,697
SIGA slot machines	50,335	54,003	51,779
SIGA other (Note 14)	3,730	4,771	4,747
	142,788	139,703	137,223
Net income for the year	$ 365,410	362,132	359,062
Retained earnings (deficit), beginning of year		(1,632)	72
Transfer to General Revenue Fund (Note 4)		(361,045)	(360,766)
Deficit, end of year - to Statement 1		$ (545)	$ (1,632)

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2005 (000's)	2004 (000's)
Cash flows provided by (used in) operating activities:		
Cash receipts from liquor sales, VLTs, slot machines, and other revenue	$ 769,146	$ 760,739
Interest received	225	365
Payments to suppliers, employees and other	(357,008)	(370,347)
Payments of Goods and Services Tax	(25,541)	(18,963)
	386,822	371,794
Cash flows (used in) investing activities:		
Purchase of property, plant and equipment	(7,058)	(34,481)
Cash flows (used in) financing activities:		
Cash deposited in General Revenue Fund (Note 4)	(376,644)	(312,072)
Net increase in cash position	3,120	25,241
Cash position, beginning of year	42,042	16,801
Cash position, end of year	$ 45,162	$ 42,042
Cash position consists of:		
Cash	$ 1,535	$ 5,390
Due from General Revenue Fund	43,627	36,652
	$ 45,162	$ 42,042

(See accompanying notes to the financial statements)

LIQUOR AND GAMING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

1. Description of Business

The Liquor and Gaming Authority operates under the authority of *The Alcohol and Gaming Regulation Act, 1997*. The Authority's mandate is to support, develop and regulate the Saskatchewan liquor and gaming industries and to maximize public benefit through high quality services and products.

The Authority operates retail liquor stores and video lottery terminals. The Authority conducts and manages the breakopen vending machine program in the Province. It also owns and manages the slot machines at Saskatchewan Indian Gaming Authority's (SIGA) casinos. SIGA slot machine revenue and expenses are included in these financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant policies are described below.

(a) Revenue

Liquor Sales

Sales are recorded net of returns, container deposits, Goods and Services Tax, Liquor Consumption Tax and discounts.

Licence Fees

Liquor and gaming licence fees are recorded when the licence is approved. Exhibition casino licence fees are based on the net revenue generated by the exhibition casino. The Authority records these fees as the exhibition casino generates net revenue.

Video Lottery Terminals (VLT)

Revenue is recorded net of prize payouts.

SIGA Slot Machines

Revenue from casino slot machines are recorded net of prizes paid out and accruals for anticipated amounts to be paid out for progressive jackpots.

(b) Promotional Allowances

SIGA offers a customer loyalty program to its patrons. As part of the program, club members accumulate points based on amounts wagered and can redeem their points for cash. The points accumulated are recorded as a liability and a promotional allowance.

(c) VLT Site Commission

Establishments where VLTs are located are entitled to commission based on 15% of the VLT revenue earned. The commission is recorded as the VLT revenue is earned.

(d) Inventories

Inventories of wines, coolers, spirits and beer are valued at the lower of average cost and net realizable value.

(e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment are amortized commencing in the year which these assets are placed in service on a straight-line basis at rates designed to allocate the cost of these assets over their estimated useful lives. Rates are as follows:

Buildings	2.5 - 5% per annum
Furniture & equipment	15 - 33% per annum
VLT & slot machines	20% per annum
Breakopen vending machines	15 - 33% per annum

Leasehold improvements are amortized over the lesser of the life of the asset or the term of the lease.

(f) Pension Expense

The cost of the pension benefits earned by employees, who are members of the Authority's defined benefit plan, is determined using the projected benefit method prorated on service. The amount of the expense reflects management's best estimate of the plans expected investment performance, salary escalation, mortality of members, terminations, the ages at which members will retire and ad hoc increases, based upon the Consumer Price Index, that may be granted by the Lieutenant Governor in Council.

The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and the amount of expected benefit payments. Pension plan assets are valued at fair value (market value) for the purposes of calculating the expected return on plan assets. The net actuarial gain (loss), transitional obligation resulting from adoption of new accounting rules in 2001, and plan amendments are amortized beginning in the year they arise over the expected average remaining service life of members of the defined benefit plan.

The Authority also has employees who are members of a defined contribution pension plan. The Authority expenses contributions it is required to make for current service of those employees.

(g) Grants

Grants are recognized when approved and eligibility criteria, if any, are met.

3. Due from General Revenue Fund

Most of the Authority's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. During the year, the General Revenue Fund did not pay interest on the Authority's bank accounts.

4. Disposition of Retained Earnings

Subsection 182(5) of *The Alcohol and Gaming Regulation Act, 1997* (Act) allows the Authority to provide interest free advances to the Minister of Finance for deposits in the General Revenue Fund (GRF) until the Treasury Board determines the disposition of the Authority's retained earnings. Under subsection 182(1) of the Act, the Treasury Board may, at any time, direct that all or any portion of the Authority's retained earnings be transferred to the GRF. The Treasury Board has directed the Authority to transfer $361,045 (2004 - $360,766) to the GRF under subsection 182(1) of the Act. At March 31, amounts payable to GRF were determined as follows:

	2005 (000's)	2004 (000's)
Payable to GRF at beginning of year	$ (143,938)	$ (95,244)
Deposits during the year	376,644	312,072
Transfer to GRF	(361,045)	(360,766)
Payable to GRF at end of year	$ (128,339)	$ (143,938)

5. Inventories

	2005 (000's)	2004 (000's)
Wines, coolers and spirits in stores	$ 8,129	$ 7,871
Wines, coolers and spirits in warehouse	7,155	8,222
Beer in stores	1,573	1,504
	$ 16,857	$ 17,597

6. Property, Plant and Equipment

	2005			2004		
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)
Land	$ 2,468	$ ---	$ 2,468	$ 2,526	$ ---	$ 2,526
Buildings	25,979	12,776	13,203	25,944	12,238	13,706
VLTs	65,795	27,897	37,898	69,945	19,968	49,977
Slot machines	21,068	14,018	7,050	19,748	12,508	7,240
Furniture & equipment	39,863	24,055	15,808	36,912	20,554	16,358
Breakopen vending machines	2,995	2,977	18	3,002	2,385	617
Leasehold improvements	8,086	5,646	2,440	8,045	4,982	3,063
	$ 166,254	$ 87,369	$ 78,885	$ 166,122	$ 72,635	$ 93,487

7. Accounts Receivable

	2005 (000's)	2004 (000's)
SIGA slot machine receivable	$ 19,418	$ 22,937
VLT receivable	2,608	2,394
Other	1,478	1,497
	$ 23,504	$ 26,828

8. Goods and Services Tax (GST)

The Authority is on the prescribed list of lottery corporations pursuant to Section 188 of the Federal *Excise Tax Act*. In lieu of collecting GST on VLT and slot revenue at the retail level, the Authority calculates and remits GST according to a formula prescribed by the Canada Revenue Agency.

The formula requires the Authority to pay 14% on the purchase of taxable goods and services related to gaming programs and 7% on VLT site contractor commissions.

One-half of the GST paid on property, plant and equipment for gaming is set up as a deferred tax and is amortized on a straight-line basis over the useful life of the property, plant and equipment.

The Authority also pays GST to the Canada Revenue Agency and claims input tax credits on all its liquor and other taxable purchases.

9. Pension Plan

The Authority sponsors a defined benefit plan and participates in a multi-employer defined contribution plan covering substantially all of its employees. The defined contribution plan is called the Public Employees Pension Plan (PEPP). During the year, the Authority paid PEPP and expensed a total of $1,558,572 (2004 - $1,457,714) in required contributions.

The Liquor Board Superannuation Commission administers the defined benefit plan, Liquor Board Superannuation Plan (Plan) for the Authority. The Plan provides pensions calculated at 2% of a member's average salary for the five years of highest salary, multiplied by the number of years of service to a maximum of 35. This Plan has been closed to new members since 1977.

Eckler Partners Ltd. performed the valuation of the Plan as at September 30, 2002 and extrapolated the valuation to December 31, 2002, December 31, 2003 and to December 31, 2004. The accrued benefit obligation is based on a number of assumptions about future events including: discount rate, salary increases, inflation and ad hoc indexing. The following significant assumptions were adopted in measuring the accrued benefit obligation:

	2005	2004
Expected long-term rate of return on plan assets	6.00%	6.25%
Discount rate	6.00%	6.25%
Salary increases	4.00%	4.00%
Inflation	3.00%	3.00%
Ad hoc increases to pensions as % of Consumer Price Index	50%	50%
Expected average remaining service life	3.9 years	4.9 years

A 1% change in the following assumptions would impact the accrued benefit obligation as described below:

Assumption	Impact (% of ending accrued benefit obligation)
Interest	11.2
Salary	1.4
Inflation	5.2

The Authority's pension cost is included in salary, wages, and benefits on Schedule 1.

	2005 (000's)	2004 (000's)
Current service cost - defined benefit plan	$ 489	$ 468
Current service cost - defined contribution plan	1,559	1,458
Interest cost	2,702	2,784
Expected return on pension plan assets	(822)	(801)
Amortization of net transitional obligation	535	535
Amortization of actuarial losses	587	477
Early retirement benefits	11	15
Net pension cost	$ 5,061	$ 4,936

Information about the Authority's defined benefit plan is as follows:

	2005 (000's)	2004 (000's)
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	$ 45,724	$ 45,304
Current service cost - employer	489	468
Current service cost - employee	182	179
Interest cost	2,702	2,784
Benefits paid	(2,721)	(2,806)
Experience loss (gain)	889	(205)
Accrued benefit obligation, end of year	$ 47,265	$ 45,724
Plan assets		
Fair value of plan assets, beginning of year	$ 13,878	$ 13,088
Actual return on plan assets	1,279	1,338
Employer contributions	2,192	2,079
Employee contributions	182	179
Benefits paid	(2,721)	(2,806)
Fair value of plan assets, end of year	$ 14,810	$ 13,878
Funded status - plan deficit	$32,455	$31,846
Unamortized transitional obligation	(1,874)	(2,409)
Unamortized net actuarial losses	(1,749)	(2,009)
Accrued pension liability	$ 28,832	$ 27,428

The Plan holds all of its assets in various pooled funds. The Plan's holdings consist of 27.7% in a Canadian equity pooled fund, 24.8% in foreign equity pooled funds, 44.7% in a bond and debenture pooled fund and 2.8% in a money market pooled fund.

The forecast of cash outflows which exceed the cash inflows for the Plan have been determined using the long-term assumptions noted above and are described below.

The cash inflow is the amount of employee contributions received by the defined benefit plan and the total cash outflow is the amount required to pay all pension obligations. The net cash outflows do not consider future investment income, the redemption of investments, and impact of inflation.

	Net Cash Outflows (000's)
Next 5 years	$ 14,600
Next 10 years	34,800
Next 30 years	93,800

10. Commitments

Authority Leases

The Authority, as lessee, is committed to pay under operating leases on leased premises the following minimum amounts in future years:

Year Ending March 31	2005 (000's)	2004 (000's)
2006	$ 3,270	$ 2,948
2007	2,623	2,281
2008	1,662	1,321
2009	1,474	1,137
2010	1,291	960
Subsequent years	3,507	2,001
Total	$ 13,827	$ 10,648

In addition, the Authority is committed to supplying SIGA with an additional 550 slot machines pursuant to the 2004 Amending Agreement to the 2002 Framework Agreement upon the opening of the Whitecap Dakota casino, at an estimated cost of $11 million. Under the File Hills Qu'Appelle Tribal Council 2004 Amending Agreement to the 2002 Framework Agreement, the Authority is committed to supplying SIGA with an additional 200 slot machines upon the opening of the Swift Current casino, at an estimated cost of $4 million. As well, under the 2002 Framework Agreement, once SIGA achieves compliance with the Operating Policies and Directives issued by the Authority on November 15, 2000, the Authority is committed to supplying an additional 125 slot machines to SIGA, at an estimated cost of $2.5 million. Pursuant to the Casino Operating Agreement, the Authority recovers the cost of purchasing the slot machines with interest over five years.

SIGA Leases and Sponsorships

SIGA has obligations under operating leases for buildings, equipment and vehicles. SIGA has also previously committed to providing sponsorship funding to various agencies. The minimum lease payments and commitments for ongoing sponsorships over the next five years are as follows:

Year Ending March 31	Leases (000's)	Sponsorships (000's)
2006	$ 3,494	$ 348
2007	2,496	300
2008	1,797	300
2009	1,754	100
2010	1,751	---
Total	$ 11,292	$ 1,048

The Casino Operating Agreement requires SIGA to transfer to the Indigenous Gaming Regulators Inc. (IGR) funds to support IGRs annual operating budget beginning in 2004. For 2006, the budgeted transfers are $1.8M (2005 - $2.1M).

Also, SIGA made an agreement with a Tribal Council for the development and lease of a building shell on Whitecap Dakota First Nation lands (Whitecap). SIGA plans to operate a casino in that building. The agreement requires SIGA to pay certain up-front costs to the developer. During the year, SIGA incurred and capitalized $1.2 million of up-front costs. The lease payments for the building will be determined based on the developer's direct construction costs less the accumulated up-front costs the developer received from SIGA multiplied by a set rate of return. The rate of return per year is equal to the long-term Government of Canada bond rate in effect when the lease commences plus 9%. In addition, the agreement requires SIGA to pay $170,000 annually for leasing land for the building at Whitecap. Lease payments commence on the second month after the building shell has been completed. The Authority has approved the agreement with the Whitecap developer.

On March 31, 2005, SIGA made an agreement with another First Nation organization to construct and lease a new building on First Nation lands to replace the existing Painted Hand Casino in Yorkton. Upon commencement of the new lease, SIGA's lease commitment will change. The Authority has not yet approved the agreement for developing a replacement site for the Yorkton casino.

As well, during the year, SIGA received approval in principle to develop a casino in Swift Current.

11. Liquor Sales

	2005 (000's)	2004 (000's)
Wines, coolers and spirits		
In stores:		
- To permittees	$ 37,297	$ 37,141
- To public	130,882	125,268
	168,179	162,409
To franchisees:		
- To permittees	5,344	5,601
- To public	18,270	17,705
	23,614	23,306
	191,793	185,715
Beer		
- To permittees	119,587	126,137
- In stores	66,165	59,104
- To franchisees	5,996	5,254
	191,748	190,495
Total	$ 383,541	$ 376,210

12. Fair Value

Due from General Revenue Fund, accounts receivable, accounts payable, accrued liabilities, payable to General Revenue Fund, and Goods and Services Tax payable are all short-term in nature and as such their fair value approximates carrying value.

The accrued pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, the determination of the fair value of the pension liability is not practicable.

13. 2005 Budget

These amounts represent the budget approved by Treasury Board.

14. Casino Operating Agreement with the Saskatchewan Indian Gaming Authority

On February 10, 1995, the Province of Saskatchewan made an agreement (Framework Agreement) with the Federation of Saskatchewan Indian Nations (FSIN), for the purpose of increasing economic and employment opportunities for Aboriginal peoples through casino development within the parameters of *The Criminal Code of Canada*.

On June 11, 2002, the Province and the FSIN signed the 2002 Framework Agreement replacing the 1995 Framework Agreement. The 2002 Framework Agreement has a term of 25 years. Similar to its predecessor, the 2002 Gaming Framework Agreement requires the Province to retain a portion of the net profits from slot machines in the GRF and distribute the remaining profits to the First Nations Trust, and the Community Development Corporations.

During the year ended March 31, 2005, the Province provided conditional approval for SIGA to develop and operate two new casinos, one to be located on Whitecap Dakota First Nation lands located outside

the City of Saskatoon, and one to be located in the City of Swift Current. As a result, on November 10, 2004, the Province and the FSIN signed a 2004 Amending Agreement to the 2002 Framework Agreement relating to the Whitecap Dakota casino, and on January 13, 2005, they signed the File Hills Qu'Appelle Tribal Council 2004 Amending Agreement to the 2002 Framework Agreement for the Swift Current casino, increasing the maximum number of SIGA casinos in the province from four to six casinos.

To implement the original 1995 Framework Agreement, the Authority and the Saskatchewan Indian Gaming Authority made agreements for casino operations and slot machine management. The Casino Operating Agreement requires SIGA to pay the net profits from slot machines to the Authority. The slot machine management agreement ensures the Authority recovers at least the cost of slot machines, the related computer system, and interest over five years.

On June 11, 2002, the Authority and SIGA signed the 2002 Casino Operating Agreement, replacing the 1995 Casino Operating Agreement and amendments. The 2002 Casino Operating Agreement, a 25-year agreement, does not significantly alter the casino operating arrangements under the 1995 Casino Operating Agreement.

Under the Casino Operating Agreement between SIGA and the Authority, SIGA is permitted to charge its losses from table games and ancillary operations as an expense of slot machine operations. As well, the Casino Operating Agreement also requires SIGA to pay to the Indigenous Gaming Regulators Inc. (IGR), formerly the Saskatchewan Indian Gaming Licensing funds equal to IGR's operating budget upon direction from the Authority.

During the year, SIGA charged losses as an expense of slot machine operations, and made the transfer to IGR as follows:

	2005 (000's)	2004 (000's)
Table games revenues	$ 5,152	$ 4,714
Table games expenses	5,484	5,401
Net losses from table games	$ 332	$ 687
Ancillary operations revenues	$ 5,167	$ 5,041
Ancillary operations expenses	7,521	7,017
Net losses from ancillary operations	$ 2,354	$ 1,976
Total losses expensed	$ 2,686	$ 2,663
IGR transfer	2,085	2,084
	$ 4,771	$ 4,747

15. Segmented Information

The Authority operates in four segments - liquor, VLT, slots in SIGA casinos, and other gaming.

The liquor segment reflects the retailing and licensing of beverage alcohol activities within the province.

The VLT segment reflects the operation of the VLT program under the authority of Section 207 of *The Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1997*.

The slots in SIGA casinos segment reflects the operations of slot machines in casinos run by SIGA (see Notes 14 and 15).

The Other Gaming segment reflects the licensing and support of charitable and religious organizations that conduct and manage bingos, casinos, raffles and breakopen ticket sales and the regulation and support of the horse racing industry. The Other Gaming segment also includes the breakopen vending machine program. The breakopen vending machine program consists of vending machines capable of dispensing lottery tickets that may have a stipulated prize hidden under a paper covering. On behalf of the Authority, the Western Gaming Systems Inc. generally distributed lottery tickets for the breakopen vending machine program. Western Gaming Systems Inc. charged the Authority $ 149,300 (2004- $170,000) for their services for the year. The program had revenues net of prizes of $0.8 million (2004- $1.0 million) net of prizes and expenses (including operating expenses and distributions to charities) of $ 1.3 million (2004 - $1.5 million) for the year. Included in Other Gaming segment is a $0.5 million (2004 - $0.5 million) loss relating to the breakopen vending machine program.

Key amounts by segment as follows:

	SEGMENTS					
	2005 (000's)					2004 (000's)
	LIQUOR	VLT	SLOTS IN SIGA CASINOS	OTHER GAMING	TOTAL	TOTAL
Revenues	$ 383,541	$ 257,248	$ 96,016	$ ---	$ 736,805	$ 733,258
Other Income	2,414	151	---	911	3,476	4,165
Total Revenues	385,955	257,399	96,016	911	740,281	737,423
Promotional Allowances	---	---	3,287	---	3,287	2,428
Direct Expenses	195,062	40,097	---	---	235,159	238,710
Operating expenses	47,548	23,521	58,774	9,860	139,703	137,223
Total Expenses	242,610	63,618	62,061	9,860	378,149	378,361
Net income (loss)	143,345	193,781	33,955	(8,949)	362,132	359,062
Retained earnings (deficit), beginning of year	---	---	(1,632)	---	(1,632)	72
Transfer to General Revenue Fund	143,345	193,781	32,868	(8,949)	361,045	360,766
Retained earnings (deficit), end of year	$ ---	$ ---	$ (545)	$ ---	$ (545)	$ (1,632)
Property, plant and equipment purchases	$ 3,961	$ 2,408	$ 689	$ ---	$ 7,058	$ 34,481
Amortization	$ 3,986	$ 13,481	$ 2,629	$ 919	$ 21,015	$ 21,132

16. Related Parties

These financial statements include transactions with related parties. The Authority is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Authority is related to non-crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. These transactions are as follows:

Category	2005 (000's)	2004 (000's)
Salaries, wages, and benefits	$ 6,217	$ 5,189
Rent, utilities, and insurance	2,921	3,315
Customer service programs	663	226
Communications	432	409
Accounts payable and accrued liabilities	1,866	1,575

In addition, the Authority pays Saskatchewan provincial sales tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Authority collected the following amounts for the Department of Finance:

	2005 (000's)	2004 (000's)
Container deposits on domestic beer sales	$ 18,719	$ 19,548
Liquor Consumption Tax	19,538	18,829
Container deposits on all wines, coolers, spirits and imported beer products	4,907	5,070

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

17. Contingencies

Since SIGA's date of GST registration (March 1, 1999), SIGA and the Authority have determined their respective GST obligations based on rulings from the Canada Revenue Agency (CRA). These rulings classify SIGA as a distributor in accordance with the provisions of the *Excise Tax Act* (ETA) and indicate that SIGA is providing a casino operating service to the Authority consistent with the *Games of Chance Regulations* under the ETA. SIGA has recently asked CRA to confirm its prior ruling. SIGA and the Authority cannot predict the outcome of this request. The outcome of this request could result in an additional GST liability ranging from $0, should CRA confirm its prior ruling, up to $23 million (2004 - $18 million), should CRA amend its ruling. The Authority plans to account for the effect of the changes, if any, in the year the CRA ruling is received.

As part of ongoing operations the Authority faces legal actions initiated by third parties and contract disputes. At year-end there were actions outstanding against the Authority, which the ultimate outcome is not yet determinable. Settlements arising from the resolution of these actions will be accounted for in the year in which the settlements occur.

18. Western Canada Lottery Corporation

The Saskatchewan Video Lottery Division of the Western Canada Lottery Corporation (WCLC) operates the video lottery terminals and central computer system on behalf of the Authority. WCLC provides accounting, purchasing, cash disbursements, human resources, and technical services for the VLT program. WCLC also operates and generally maintains the slot machines and related computer system at the SIGA casinos for the Authority and the breakopen vending machines on behalf of the Authority. For the year ended March 31, 2005, WCLC charged the Authority $10.8 million (2004 - $10.9 million) to operate the VLT, slot machine program and the breakopen vending machines for the year.

Schedule 1

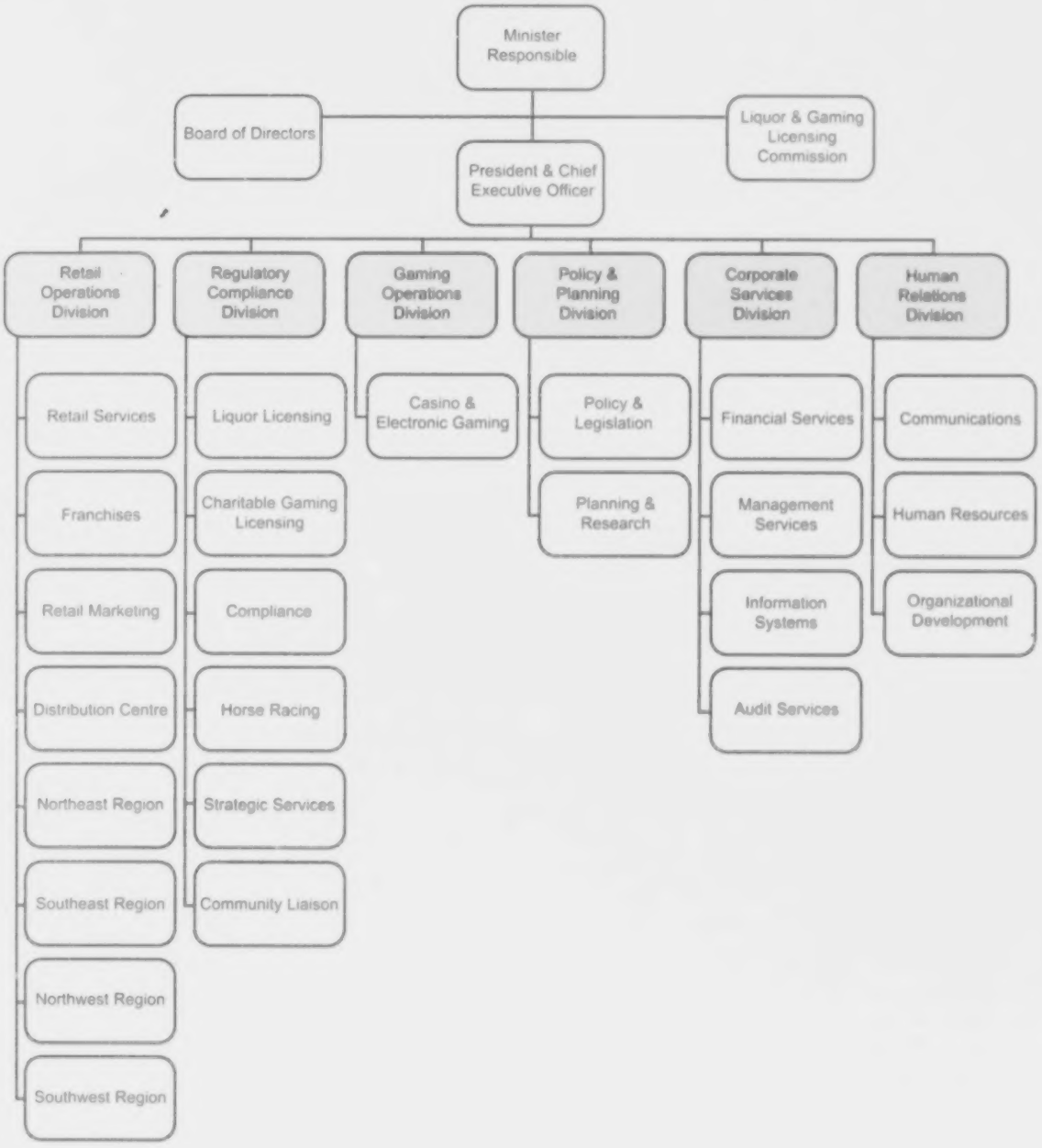
LIQUOR AND GAMING AUTHORITY
SCHEDULE OF OPERATING EXPENSES
For the Year Ended March 31

	VLTs, Liquor & Other Gaming		Slots in SIGA Casino*		Total	
	2005 (000's)	2004 (000's)	2005 (000's)	2004 (000's)	2005 (000's)	2004 (000's)
Salaries, wages and benefits	$ 36,018	$ 35,546	$ 25,752	$ 24,530	$ 61,770	$ 60,076
Property, plant and equipment amortization	18,386	18,640	2,629	2,492	21,015	21,132
Rent, utilities and insurance	5,826	5,290	4,861	4,325	10,687	9,615
Professional and contractual services	5,509	5,609	2,690	2,681	8,199	8,290
Advertising, printing, and promotion	76	63	7,544	7,489	7,620	7,552
Operations and maintenance	1,243	1,303	5,379	4,323	6,622	5,626
Goods and Services Tax	3,962	4,019	2,366	3,313	6,328	7,332
Stationery and supplies	1,281	1,439	798	553	2,079	1,992
Grants	1,810	2,553	---	---	1,810	2,553
Travel and business	1,161	1,277	559	612	1,720	1,889
Information technology	1,430	1,145	---	---	1,430	1,145
Communications	1,233	1,296	610	368	1,843	1,664
Debit/credit charges	1,321	980	---	---	1,321	980
Sundry	338	371	476	778	814	1,149
Customer service programs	825	635	---	---	825	635
Service charges and interest	439	446	163	209	602	655
Honoraria and related expenses	71	85	176	106	247	191
Indigenous Gaming Regulators (Note 14)	---	---	2,085	2,084	2,085	2,084
SIGA table and ancillary operation losses (Note 14)	---	---	2,686	2,663	2,686	2,663
	$ 80,929	$ 80,697	$ 58,774	$ 56,526	$ 139,703	$ 137,223

* Represents operating costs of SIGA Casinos.

Appendix A

SLGA Organizational Chart



Appendix B

Summary of SLGA's Partners and Stakeholders

Brewers of Canada. Represents the breweries as well as several microbreweries.

Canadian Restaurant and Foodservices Association (CRFA) (Saskatchewan Division). The CRFA has approximately 600 members in Saskatchewan including both licensed and non-licensed establishments.

Canadian Vintners Association. This is a national association dedicated to the promotion and well being of Canada's wine sector.

Charity Associations and Individual Charities. Charity associations and individual charities are the traditional beneficiaries of the gaming industry.

Federation of Saskatchewan Indian Nations (FSIN). The FSIN represents Saskatchewan's 74 First Nations. SLGA works with the FSIN in implementing the terms of the Gaming Framework Agreement.

First Nations University of Canada (FNUC). SLGA partners with FNUC on a number of important research and educational issues, including the development of a university program in gaming administration and casino management.

Horse Racing Saskatchewan (HRS). This interest group is comprised of a number of racing associations and organizations that host horse racing events including Horse Racing Saskatchewan, the Saskatchewan First Nations Racing Association, Saskatchewan Speed Horse Association, Saskatchewan Standardbred Horsemen's Association, Horsemen's Benevolent and Protective Association of Saskatchewan and the Canadian Thoroughbred Horse Society.

Hotels Association of Saskatchewan (HAS). Established in 1932, approximately 475 hotels and motels belong to HAS. They represent both hotel owners and operators in urban areas and rural communities.

Indigenous Gaming Regulators (IGR). IGR (formerly Saskatchewan Indian Gaming Licensing Inc.) is building capacity to perform regulatory and licensing functions for First Nations gaming.

Non-Profit Clubs. Consists of ethnic associations, service clubs, veteran organizations and sporting clubs (including golf and curling) that have a permanent facility/clubhouse and a special use permit (as opposed to those groups who use special occasion permits and may or may not have a permanent location).

Saskatchewan Government and General Employees Union (SGEU). Ninety per cent of SLGA employees are unionized.

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's four First Nations casinos on behalf of the FSIN.

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents all of the rural franchises.

Spirits Canada. Formerly the Association of Canadian Distillers, Spirits Canada is the national trade association of Canadian manufacturers and marketers of distilled spirit products including Canadian whisky, rum, vodka, gin, liqueurs and coolers.

Saskatchewan Wine and Spirits Association (SWSA). SWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry.

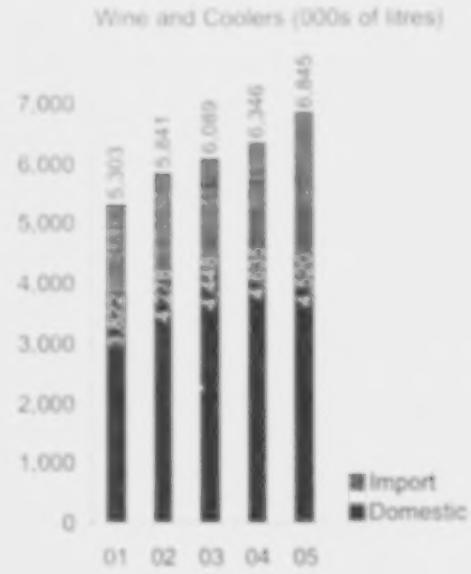
Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities as agent for SLGA.

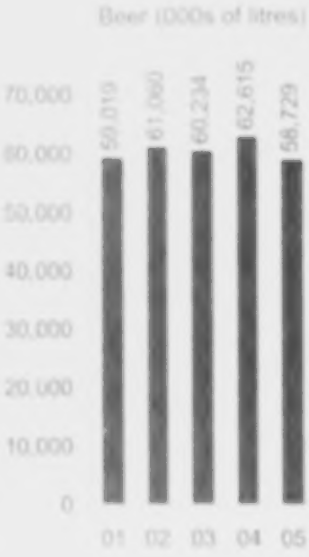
Western Gaming Systems Inc. Western Gaming Systems Inc. is Saskatchewan's source for breakopen gaming tickets.

Appendix C

Volume of Sales - Five Year History

Financial years ending March 31



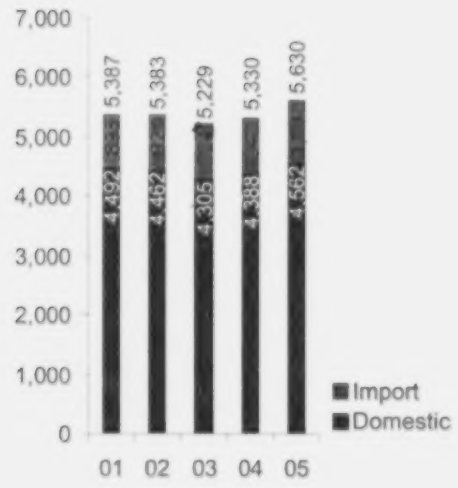


Appendix C

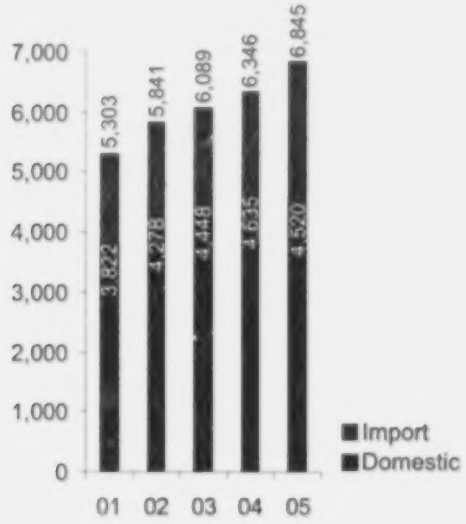
Volume of Sales - Five Year History

Financial years ending March 31

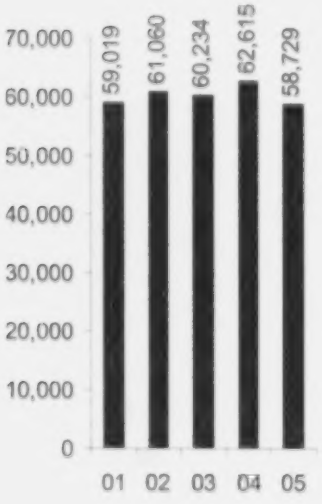
Spirits (000s of litres)



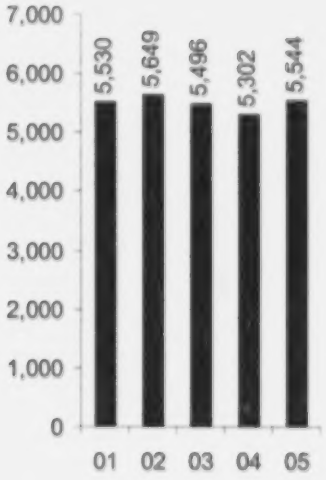
Wine and Coolers (000s of litres)



Beer (000s of litres)



Absolute Alcohol (000s of litres)

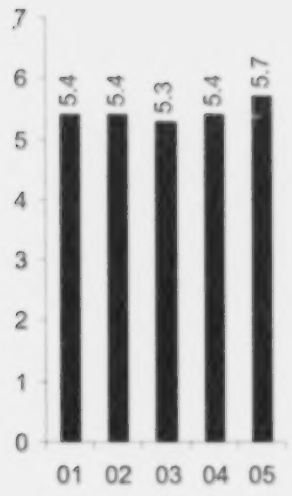


Appendix D

Per Capita Sales - Five Year History

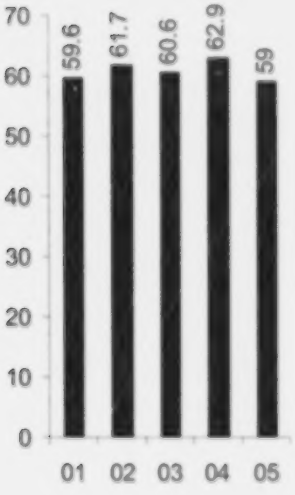
Financial years ending March 31

Spirits (litres)

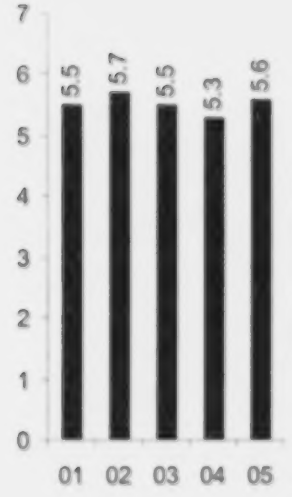


Wine and coolers (litres)

Beer (litres)



Absolute Alcohol (litres)



Appendix E

Saskatchewan Liquor and Gaming Licensing Commission

The Saskatchewan Liquor and Gaming Licensing Commission is an independent body that reviews decisions of SLGA with respect to licensing, registration, cancellation and suspension issues. The Commission's primary role is serving as an independent and fair quasi-judicial appellate body mandated to ensure proper application of the legislation and regulations governing the industries over which it has jurisdiction, while ensuring the fairness and integrity of those industries. Any licensing party who disagrees with a decision of SLGA has the right to apply to the Commission for an appeal. Except in unusual circumstances, the Commission stays the SLGA's decision.

During 2004-05, the Commission scheduled 34 hearings to address the same number of requests for review of various decisions made by SLGA and to hear objections by the public. In order to accommodate the public, hearings are scheduled whenever possible at the nearest major centre in the province to the cause of action. Eighteen hearings were held in Regina and 16 hearings were held in Saskatoon.

The applications have included reviews of SLGA's decisions to grant and to refuse liquor permits and gaming licences to various establishments, organizations and the horse racing industry. As well, the Commission hears registration, cancellation and suspension issues, in addition to objections by the public to the granting of permits. The Commission may decline to hear objections to liquor applications that are competition-based, frivolous or vexatious.

Of the 34 hearings held during the past fiscal year, 15 were liquor related, comprised of five objection hearings by the public and 10 hearings for assessments of penalties and suspensions. Fourteen hearings involved gaming employee registration certificates, bingo/breakopen licences and raffle licences. These 14 hearings were comprised of five suspensions and denials of bingo/breakopen licences, two hearings regarding property purchase for bingo operations and seven hearings regarding denials, suspensions and cancellations of gaming employee registration certificates. There were five hearings held with respect to horse racing, involving violations of various horse racing rules, including penalties, suspensions and disqualifications. The Commission provides written reasons for its review on the merits of all matters it hears. These written decisions are a matter of public record, and are maintained in the office of the Commission Registrar.

The Commission members as of March 31, 2005:

Colleen L. Wilson, LL.B., Chairperson, Saskatoon
Allan Oliver, Vice-Chairperson, Aneroid
Elaine Driver, Member, Fillmore
Gilbert Pelletier, Member, Yorkton
William Nelson, Member, Regina
Jean MacKay, Member, Regina
Darcia G. Schirr, Q.C., Member, Regina

The Commission also has a full-time Registrar and one casual support staff.

Since 1997, the Commission has initiated procedural changes and is constantly developing its own policies to continue to ensure equitable treatment of all parties appearing before it. The Commission also makes written recommendations to SLGA regarding any significant regulatory issues that come to its attention through contact with the industries within its jurisdiction. It also continues to stay up to date in the changing environment of administrative law and the industries it regulates through its own research.

Appendix F

SLGA Fact Sheet: 2004-05 Results at a Glance

Financial	
SLGA net income	$362.1 million
Net liquor income	$143.3 million
Net gaming income	$218.8 million
VLT net income	$193.8 million
VLT site commission	$40.1 million
Total gross liquor sales	$383.5 million
Structure and Organization	
Number of SLGA employees	910
Number of retail liquor stores	81
Number of communities with SLGA stores	64
Number of off-sale outlets	478
Number of franchises	191
Total number of liquor outlets	750
Number of liquor products listed by SLGA	2,134
Number of casinos	7
Number of slot machines in SIGA casinos	995
Number of slot machines in SGC casinos	995
Number of VLTs	3,971
Number of communities with VLTs	324
Number of VLT sites	697
Compliance and Licensing	
Number of commercial liquor permittees	1,726
Number of special occasion permits issued	17,309
Number of investigations	2,650
Number of inspections	4,377
Number of sanctions (liquor, gaming and horse racing)	196
Number of registered gaming employees	2,521
Number of registered gaming suppliers	90
Charitable Gaming and Horse Racing	
Total gross bingo sales (before prizes awarded)	$95.7 million
Total gross raffle sales (before prizes awarded)	$25.2 million
Total gross breakopen sales (before prizes)	$19.5 million
Total charity share of bingo, raffle and breakopen sales	$30.3 million
Number of bingo halls	25
Total number of bingo, raffle and breakopen licences	3,669
Total provincial handle (wagers)	$11.7 million
Total horse racing grants	$1.2 million

All data as of March 31, 2005

Where To Obtain Additional Information

If you have any questions or comments about SLGA's Annual Report, or if you have specific questions about the programs and services provided by SLGA, please contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK, S4P 3M3
www.slga.gov.sk.ca
(306)787-4214

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2004-05

Saskatchewan Liquor and Gaming Authority

SUPPLEMENTARY FINANCIAL INFORMATION

FISCAL YEAR ENDING MARCH 31, 2005

(Unaudited)

Saskatchewan Liquor and Gaming Authority

Supplementary Financial Information

2004 - 05

Personal Services

Listed are individuals for whom $50,000 or more of payments were recorded for salaries, wages, secondments, honorariums, etc.

Adams, Christopher	70,620
Adams, Fiona	75,876
Babichuk, Larry	58,800
Baird, Darrell	88,650
Banilevic, Val	78,870
Barber, Al	81,168
Barr, Ken	51,958
Batke, Jim	51,012
Beaudry, Ron	52,572
Beblow, Jolene	92,195
Benedict, Glen	70,932
Bidochka, Pat	52,963
Bilkhu, Bina	65,890
Briscoe, Michelle	65,664
Brown, Lorne	89,933
Bryksa, Nelson	70,932
Burrows, Jamie	75,177
Burrows, Kelly	78,540
Cantin, Ken	53,892
Chatwell, Michael	75,322
Choma, Stephanie	78,454
Cooke, Neil	63,452
Cribb, Fiona	81,168
Danbrook, Spencer	54,493
Deminchuk, Brenda	75,201
Engel, James	100,392
Fell, Ken	51,416
Fichter, Leah	60,813
Folk, Don	63,004
Frankowski, Gwen	75,876
Ganes, Terry	51,750
Giannetta, Tony	61,653

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Gould, Jack	58,800
Hanson, Cheryl	111,448
Harder, Wanda	56,763
Hargreaves, Randy	53,447
Hart, Dana	66,001
Hay, John	51,350
Hedley, Grant	53,892
Henschel, Gary	53,957
Hildebrandt, Barbara	51,972
Hopper, Jack	56,755
Hubelit, Darrell	68,711
Hupp, Gail	54,332
Janvier, Jonas	54,707
Jinks, Karen	55,942
Keel, Gloria	53,891
Keith, Brian	65,664
Kellington, Dale	51,343
Kilbride, Joel	64,080
King, Reg	75,876
Kirkness, Kevin	53,254
Kraemer, Darrin	57,096
Krajewski, Derry	58,800
Kress, Isabel	56,353
Kulyk, Jason	56,494
Kunkel, Wayne	86,892
Kushniryk, Nadine	50,944
Kwong, John	56,802
Lacey, Barry	106,957
LaPlante, Ted	65,099
Lekivetz, Cal	70,932
Lewis, Ross	75,322
Livingstone, Jeff	51,527
Lovell, Melanie	76,048
Lutes, Wendy	56,755
Markewich, Dale	112,296
Marr, Bill	86,892
McAllister, Don	50,156

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McAllister, Shirley	53,746
McBain, Bonnie	50,225
McNally, Rick	70,932
McRobb, Don	75,876
Messer-Lepage, Jacqueline	84,943
Mildenberger, Greg	65,664
Morgan, Dianne	65,664
Morgan, Sandra	136,980
Nelson, Bonnie	67,305
Newell, Al	53,892
Nystrom, Doug	53,892
Okerstrom, Ryan	56,131
O'Neill, Gus	51,443
Pangracs, Rod	86,892
Paul, Kent	69,009
Pawluk, Ron	58,800
Penno, Judy	57,369
Perrot, Anita	58,683
Peters, Dave	81,168
Petit, Ken	50,458
Poole, Brian	81,168
Rafter, Faye	108,879
Rector, Garry	50,556
Reid, Carla	52,376
Roske, Percy	53,087
Rousseaux, Gerard	56,422
Sack, Garth	52,320
Sawatzky, Tracy	78,532
Sawka, Rick	53,384
Schachtel, Augie	51,507
Schatz, Brian	75,876
Schmidt, Cameron	50,858
Schneider, Douglas	51,233
Schneider, Jason	51,524
Schoffer, Janet	78,531
Schulz, Dale	50,344
Schumann, Derek	54,701

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Selinger, Jim	58,800
Sharp, Sheila	52,493
Shirley, Randall	55,892
Skaalrud, Lynnette	62,727
Slind, Blair	58,800
Snell, Nancy	59,690
St. Denis, Lisa	56,353
Stevenson, Chris	57,144
Swan, Sam	70,932
Thomson, Lisa	59,670
Toth, Ron	74,445
Triffo, Ken	59,922
Venn, Gwen	52,641
Vircavs, Richard	58,839
Weber, Paul	110,196
Welch, Dave	58,800
Wirth, Lauren	53,653
Wlodarczyk, John	55,443
Woitas, Mike	56,884
Wood, Lisa Ann	100,392
Wurm, Dean	57,719
Yano, Stacey	50,429
Zaremba, Bill	50,764
Zatylny, Jason	80,721

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TRAVEL

Cline, Hon. Eric	14,501
Other Travel	1,146,755
Total Travel	$1,161,256

(Unaudited)

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GRANTS IN LIEU OF TAXES

Listed are cities and towns for whom $5,000 or more of grants in lieu of taxes were recorded.

City of:

Estevan	6,775
Humboldt	11,415
Lloydminster	7,146
Melville	6,738
North Battleford	23,726
Prince Albert	32,802
Regina	181,687
Saskatoon	20,054
Swift Current	14,143
Yorkton	51,730
Total City Taxes	**356,216**

Town of:

Carlyle	5,181
Creighton	11,234
Esterhazy	6,227
Fort Qu'Appelle	6,961
Gravelbourg	10,107
Kamsack	6,003
Kindersley	7,978
Maple Creek	5,087
Meadow Lake	22,766
Moosomin	6,507
Nipawin	8,254
Rosetown	7,825
Shaunavon	8,726
Shellbrook	15,083
Tisdale	7,344

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Unity	5,301
Wadena	5,800
Watrous	8,946
Wynyard	6,306
Total Town Taxes	**161,636**
Taxes under $5,000	**70,840**
Total Cities and Towns	**588,692**
***Landlord Total**	**398,167**
Total all Taxes	**$986,859**

***Represents the amount of identifiable property taxes paid for as part of SLGA's building lease payments.**

(Unaudited)

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Listed are suppliers for whom $50,000 or more of payments were recorded for the provision of goods and services including office supplies, advertising, contracts and equipment, etc. but not including alcoholic products.

Aizer Contracting Inc.	61,520
Aon Reed Stenhouse	166,294
Arcon Services Ltd	63,733
Atronic Americas, LLC.	140,795
Bally Gaming	364,238
Bell Canada	155,032
Bosgoed Project Consultants Ltd.	52,936
City of Saskatoon.	84,177
Comprehensive Computer Consulting Corp.	234,702
Consolidated Fastfrate Inc.	181,145
Daringer Transport Ltd.	57,526
Department of Property Management.	2,087,296
Dodge City Auto Ltd.	54,972
EDS Canada Inc.	986,685
Eldred Architect.	113,698
First Nations University of Canada Inc.	78,548
Gene's Ltd	259,858
Geo H. Young & Co. Ltd.	58,757
Gers Inc.	196,349
Gers Retail Systems.	99,301
Giorgio Gori SRL	60,980
Grand & Toy	76,759
Greystone Investments Ltd.	95,984
Harvard Property Management	247,382
Hawood Inn	66,884
Hirsch Construction Ltd.	106,898
Hi-Tech Gaming Ltd.	1,689,928
ICR Ashford Property Mgmt.	301,747
Imperial Parking	51,134
Insight Canada Inc.	82,065
International Gaming Technology	987,035
J.F. Hillebrand	393,976

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Jays Moving & Storage Ltd.	281,688
Ken Wilson Architect.	81,885
Kindersley Transport Ltd.	1,072,682
Kinsmen Rock'n the Valley.	463,818
Koenig & Associates.	58,391
Linka Pradzynski Cleveland Law Offices	107,465
Logan Stevens Construction (2000) Ltd.	59,654
Melville & District Agri-Park Assoc. Inc.	117,400
Microsoft Licensing, GP	194,667
Minister of Finance - Health	82,413
Mobile Crisis Services Inc.	80,718
MTS Allstream Inc..	78,847
Nashco Consulting Ltd..	92,486
National Refrigeration Heating	59,099
NCR Canada Ltd.	190,688
Newwest Enterprise Property Group Inc..	126,014
NEX Innovations	236,497
Northern Enterprise Fund Inc.	72,245
Oxford Retail Group.	78,594
P.S.P. Holdings	93,411
P3 Architecture.	94,358
Paradigm Consulting Group	2,268,710
Pensionfund Realty Limited	200,699
PeopleSoft Canada	197,066
Prince Albert Mobile Crisis Unit	81,167
Pro Av-Prof. Audio Visual.	93,769
Quill Transport	103,430
Redcliff Realty Management Inc..	208,179
Red's Transport Ltd..	153,991
Regina Travelodge Joint Venture	58,071
Ridsdale Transport Ltd.	228,539
Riocan Real Estate Investment	69,284
Riocan Property Services	325,036
Rocom Management Ltd.	251,574
Sask Energy	298,040
Sask Inst. On Prevention of Handicaps.	88,870
Saskatchewan Blue Cross.	185,219

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Saskatchewan Industry & Resources	109,663
Saskatchewan Responsible Gaming Assoc.	102,000
Saskatoon Crisis Intervention Service	86,213
Saskatoon Prairieland Park	2,209,888
Sask Power Corporation	535,482
SaskTel CMR	432,251
Securicor Cash Services	140,328
T.S Surelock Security Ltd.	92,906
Towers Ltd.	92,771
Unisource Canada Inc.	228,261
Victory Construction Ltd.	77,894
Vitran	1,805,961
Walker Pojects Inc.	73,562
WBM Office Systems	108,707
Wilson Banwell & Associates Ltd.	54,588
Wolfe Group.	134,972

(unaudited)